

# NATION'S BUSINESS



**JUNE • 1936**

**With Love from Dad**

Old signposts for new roads

**Dollars for Dwellings**

By Felix Bruner

**Principles of American Enterprise**

A supplement carrying a report of  
the U. S. Chamber's Annual Meeting

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**275,000 NET PAID CIRCULATION**

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PUBLISHED BY THE CHAMBER OF COMMERCE OF  
THE UNITED STATES • WASHINGTON



# *Salesman:* NEW STYLE

HE COVERS HIS TERRITORY... BY TELEPHONE... BETWEEN PERSONAL TRIPS

Time was when he wasted hours in lobby waits and useless visits. Now, before every trip in person, he telephones ahead to arrange appointments—and covers more territory more often. • Once, too, he made no contact with customers or prospects between trips. Now he keeps in touch by telephone—answering inquiries, making friendly suggestions, saving sales that occasionally slipped away. • Many kinds and sizes of businesses have stepped up sales volume, cut down sales costs with the help of Long Distance telephone service. Try it a week or a month and see.





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You'll find, too, that only Plymouth, of "All Three," has both Safety-Steel body and Hydraulic brakes.

### *Priced With the Lowest!*

Today "All Three" are priced about alike... compare prices and features before buying any fleet or individual cars. See any Chrysler, Dodge or De Soto dealer. Get Plymouth's lower transportation costs for your field men.

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**BUILT TO STAND UP** under the most punishing work... and the safest of all low-priced cars!

# \$510

**AND UP, LIST AT FACTORY, DETROIT  
SPECIAL EQUIPMENT EXTRA**

# PLYMOUTH BUILDS GREAT CARS

# America keeps clean



AMERICA is acknowledged to be the cleanest nation on earth. Organized protection of public health has had a marked effect on the sanitary standards for handling milk and other foods and in such personal services as barber shops, beauty parlors and restaurants. Of course the professional offices of doctors and dentists have always led in sanitary equipment.

## *Improves Morale and Efficiency*

Because the morale and efficiency of workers are instantly improved, more and more employers are providing a regular garment service for workers in factories, offices, stores, garages and at filling stations. Food processing industries are almost universally turning to the idea of supplying clean, neat uniforms to employees.

Two industries are working together



Butchers, Bakers, and other retail merchants found it good business to wear clean, neat uniforms. They discovered housewives prefer to patronize stores where clerks are neatly attired. The butcher shown above is wearing an apron made of Wellington Fabric. Because of the service provided by a linen supply company, he is able to wear a freshly laundered apron always.

Factory Workers, particularly in the food and drug industries where sanitation is of special importance, safeguard their product and work more efficiently if provided with freshly laundered uniforms. Linen supply companies provide complete uniform and towel systems to hundreds of manufacturing plants.

(above) Doctors, Dentists and Nurses pioneered in the use of washable cotton uniforms. Pharmacists, Chemists and Laboratory Technicians followed the example of these professional workers and were among the first business men to patronize linen supply companies. Wellington Sears Company pioneered, too, in developing fabrics particularly for these uniforms.



Even Cashiers, Clerks and Office Workers do their jobs better when they are neatly uniformed. A special service for the summer months may be obtained from your linen supply dealer.

# Wellington Sears



# with Cotton

to make possible this nation-wide service for cleanliness. The cotton industry, through such firms as Wellington Sears Company, supplies fabrics for hygienic garments and towels and the linen supply industry provides facilities for laundering and delivering immaculate sterilized coats, aprons, smocks and towels.

Linen supply services are now available in over seven hundred cities of the United States. Many of the larger linen supply companies provide not only a standard garment and towel service, but a special garment service for large users. Thus, distinctive and exclusive uniform design and colors are available.

If your business hasn't considered a service of this kind, get in touch with your local linen supply organization and learn what can be done for you.



Beauticians (above) and Barbers (below) agree that in their fields the public expects them to use fine cotton uniforms and clean towels, made possible by regular laundry service of linen supply companies. These companies supply FAIRFAX towels of huck, terry and crash, and uniforms made of Wellington Fabrics to barbershops and beauty parlors everywhere.

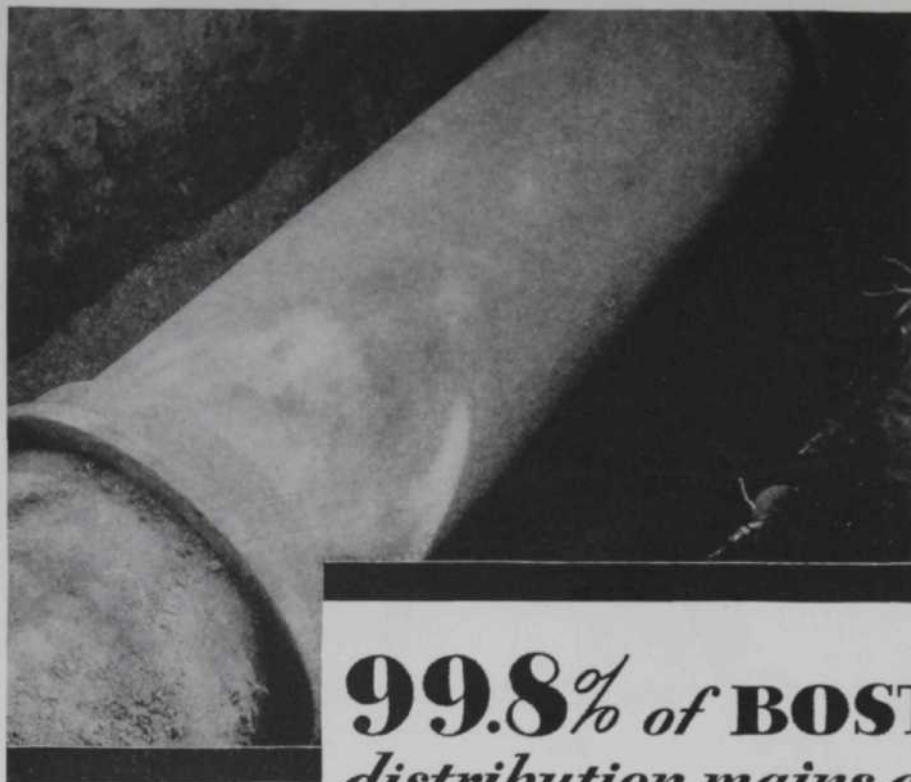


FAIRFAX towels and toweling, such as the continuous cabinet crash towel shown in use, above, are standard for group industrial use, just as MARTEX bath towels are standard for use in the finest homes. FAIRFAX towels are supplied by the best of linen supply companies. Manufacturing plant employees are more comfortable and therefore, better workers, if clothed in suitable uniforms. Wellington Sears Company supplies denims, gabardines, clothing ducks and other fabrics to makers of these garments.



Grocers, including the important chain systems, find that customers expect clerks to be as neatly dressed as the attractively packaged groceries they sell. So they, too, use the combined services of a linen supply company and of the Wellington Sears Company to serve the public in a neat and cleanly manner.

# Company 65 WORTH ST., N.Y.C.



## 99.8% of BOSTON'S water distribution mains are CAST IRON

Section of Boston's first cast iron water main laid in 1847. It is still in service.

**T**he following tabulation shows the percentage of cast iron pipe used in the water distribution systems of the 15 largest cities in the United States as reported in 1935 by their Water Departments.

CITY	PERCENTAGE
New York	97.2
Chicago	100.0
Philadelphia	98.3
Detroit	98.7
Los Angeles	74.0
Cleveland	98.9
St. Louis	98.7
Baltimore	99.7
Boston	99.8
Pittsburgh	97.9
San Francisco	76.8
Milwaukee	100.0
Buffalo	99.8
Washington D.C.	98.8
Minneapolis	95.8

**T**HE City of Boston secures its water from the Metropolitan District Commission which supplies 18 cities and towns in the metropolitan area. In 1934, Boston used an average of approximately 89 million gallons daily, equivalent to 110 gallons per day per capita. The distribution system contains 12,034 hydrants and 15,431 valves; the high pressure fire system consists of 18.5 miles of pipe with 510 hydrants. Both systems combined contain nearly 1000 miles of pipe of which 99.8% is cast iron pipe.

The average percentage of cast

iron pipe in the water distribution systems of the 15 largest cities in the United States is 95.6%. Cast iron pipe is the standard material for water mains. It costs less per service year and least to maintain. Its useful life is *more than a century* because of its effective resistance to rust. It is the one ferrous metal pipe for water and gas mains, and for sewer construction, that will not disintegrate from rust.

For further information, address The Cast Iron Pipe Research Association, Thos. F. Wolfe, Research Engineer, 1014 Peoples Gas Building, Chicago, Illinois.

# CAST IRON PIPE

METHODS OF EVALUATING BIDS NOW IN USE BY ENGINEERS



TRADEMARK REG.

RATE THE USEFUL LIFE OF CAST IRON PIPE AT 100 YEARS



## QUESTIONS our readers are asking:

- 1 • HOW has "consumer credit" changed the traditional practices of banking?  
..... ANSWER ON PAGE 11
- 2 • WHAT chance has the young man who enters the business world today?  
..... ON PAGE 15
- 3 • DID Morgenthau "spill the beans" when he told the Senate there would be a \$5,996,000,000 deficit? ON PAGE 19
- 4 • IS inflation likely in this country within the next few months? ON PAGE 20
- 5 • HOW can the small merchant compete with chains and mail order houses?  
..... ON PAGE 22
- 6 • HOW do a small town merchant's problems differ from those of the city merchant? ON PAGE 24
- 7 • WHAT is the "new Christian Social Order" that the churches are demanding to replace capitalism? ON PAGE 25
- 8 • WHAT can be done to induce the large taxpayer to make his payments quickly and willingly? ON PAGE 26
- 9 • SHOULD I borrow some of that five per cent money from the Government and build a house now or should I wait until a new housing law is passed?  
..... ON PAGE 30
- 10 • WHAT is the most serious retarding influence which is slowing up home building? ON PAGE 32
- 11 • WHAT kind of promotion is likely to bring the most business to the stores of a community? ON PAGE 82
- 12 • WHAT great merit has capitalism which systems of planned economy fail to equal? ON PAGE 99
- 13 • WHAT change in consumer buying habits caused Marshall Field to revamp its wholesale division? ON PAGE 114

**What is Coming in JULY . . .**  
**Turn to Page 112**

## Contents for June . . .

	PAGE
"With Love from Dad" . . . . .	15
Their Business is "Growing" . . . . .	17
By PERRY R. THOMAS	
Saga of a Small Town Merchant . . . . .	22
By PAUL H. HAYWARD	
Churches and the "Social Order" . . . . .	25
By THE REV. MARION D. SHUTTER, D.D.	
Government Can Reduce Expenses . . . . .	26
By EDWARD J. KELLY	
Dollars for Dwellings . . . . .	30
By FELIX BRUNER	
Principles of American Enterprise . . . . .	33
A Supplement reporting the Twenty-fourth Annual Meeting of the U. S. Chamber of Commerce	
Big Crowds Don't Mean Big Sales . . . . .	82
By CARL GOERCH	
A Day in the Senate in 1945 . . . . .	90
The Government's Housing . . . . .	96
Dissecting the Tax Bill . . . . .	107
The Parable of the Two Shepherds . . . . .	117
By PAUL MCCREA	
America's Happy Unemployables . . . . .	130
By THOMAS F. KELLEY	
Lines from an Editor's Notebook . . . . .	134
Business Highlights and Sidelights . . . . .	136
<b>The Regular Features . . .</b>	
Through the Editor's Specs . . . . .	7
Business Patriotism—No Market! . . . . .	13
By MERLE THORPE	
Washington and Your Business . . . . .	19
By IRA E. BENNETT	
No Business Can Escape Change . . . . .	88
The Map of the Nation's Business . . . . .	106
New Ideas in Selling . . . . .	114

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• Many thousands of business leaders from coast to coast are now concentrating their business and personal insurance in Mutual fire companies because of the substantial savings this type of insurance offers.

But there is more to it than that! For no straight-thinking executive would consider a method of saving money that was not entirely sound . . . entirely safe.

The savings of Mutual fire insurance are the result of a sound and thrifty principle of business opera-

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This seal identifies a member company of The Federation of Mutual Fire Insurance Companies and the American Mutual Alliance. It is a symbol of soundness and stability.

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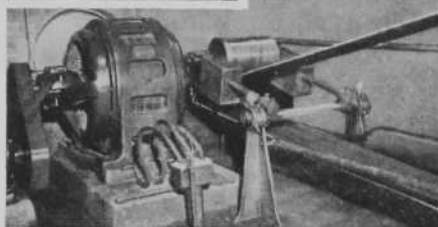


# REPUBLIC



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Lower  
Cost**



**R**EPUBLIC'S Transmission, Conveyor and Elevator Belting provide better and longer service at lower operating costs. Scientific manufacturing control assures uniform high quality throughout every foot of length so that samples, removed for laboratory tests, accurately represent the complete product. These tests make certain that our advanced standards are fully complied with.

Quality is an inherent virtue of any product that only long service can prove. It is attained in the Republic Plant through wide knowledge and experience and by demanding from our men and our methods the best that human ingenuity and scientific practice can accomplish.

Republic is a leading manufacturer of mechanical rubber products of practically every description. Ask for illustrated literature covering any of these products in which you are interested.

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*Leadership*

IN POLICY, PRODUCT AND PERFORMANCE

**Order Republic Rubber Products  
From Your Distributor**

# Through the Editor's Specs

## A war on snooping

**A** GOOD DEAL of talk is going around about the all-knowingness of the State (government to the taxpayer). And much is heard of "the new jurisprudence" and "administrative law." Public authority, the apostles of this creed argue, is the source of all wisdom, the proper arbiter of our destinies.

Nothing new in the idea now. It was a novelty in 1789 and a shocker to the folks who were trying to get the new nation started. They abhorred the domination of a ruling class. The issue of taxation grew from this deeper source. It is a question in the minds of students whether the vigorous campaign waged by James Otis against search and seizure, which was symbolic of the pressure of the ruling classes, was not the spirit of the revolution, rather than its manifestation of taxation. Political freedom was the slogan, but back of this slogan was the economic freedom the new world yearned for, demanded and has practiced for 150 years.

## The life of the party

**WILL ROGERS** once said that the first requirement for success in politics was to know when to say "ain't." Apart from ability to speak the vernacular on occasion, the *sine qua non* of politics is an "issue." No campaign without a cause; no knight errantry without a dragon.

In the name of recovery—which, again, is the stimulation of individual exchanges of goods and services—political government, in the last five years, because it is "political," has naturally and normally and necessarily emphasized the shortcomings of every part of our trade machinery.

Bankers were money-changers; manufacturers were exploiters of child labor and operators of sweatshops and unable to maintain proper labor relations; commercial aviation was without conscience; power and light was bleeding the people white; stock and grain exchanges were gambling hells; steel and chemical

companies were munitioneers, fomenting war; communication companies must be investigated.

The attack upon our industrial and commercial life was so comprehensive that it really amounted to an indictment of a whole people, charging them with immorality, bad ethics, non-social instincts, common dishonesty.

It amounts to an arraignment of the lifelong work of our churches and schools, institutions where unbounded energy, self-sacrifice and money have been devoted to character building.

The result of such political policy can be nothing less than a deterrent to business activity. For one thing, it destroys confidence in the machinery of trade, an intangible, but nevertheless a very real factor. It likewise restricts the operation of the enterprisers. It hampers their efforts; it deadens their spirit, if it does not destroy it. Proposed legislation, investigations, questionnaires, public hearings; regulations in the making and in their administration, naturally dissipate the energies of the men, who, in the last analysis, are the prime movers, the ones who can stimulate trade.

## A persistent fallacy

**BELIEF** persists that "overproduction" was a major cause of hard times. Yet *per capita* volume of output was greater in 1923, 1924, 1925, and 1926 than it was in any of the three years of 1927, 1928 or 1929 just before the depression took hold. What has been going on since is the subject of a study by the National Industrial Conference Board. Production in manufacturing industry *per capita* of population in 1935, it reports, was 28 per cent below the corresponding figure for 1929.

In only two of the 19 industries separately analyzed did the *per capita* production of 1935 exceed that of 1929. In the plate glass industry, *per capita* production in 1935 was 113 per cent of that in 1929; in the boot and shoe industry, it was 101 per cent. Production in the locomotive indus-





Visit the Chesapeake and Ohio miniature model railroad, the largest in the world, at the Steel Pier, Atlantic City—during June, July, August and September.

## America's Sleepheart

INVITES

### AMERICA'S SWEETHEARTS

... to start a honeymoon aboard The George Washington! What a memorable wedding trip that will be... a ride on the most wonderful train in the world... a stay at one of the world's most romantic resorts—White Sulphur Springs or Virginia Hot Springs, chosen by brides

and grooms for generations. Chesapeake and Ohio Lines can be trusted with your secret—so why not confide in us? We'll be glad to help you make your plans—handle your reservations. **Sleep Like a Kitten** in genuine air-conditioned comfort! **Arrive Fresh as a Daisy!**

The ticket agent of any railroad can route you on

**THE GEORGE WASHINGTON • THE SPORTSMAN • THE F.F.V.**

*The Finest Fleet of Genuinely Air-conditioned Trains in the World.*

*Insist upon it!*



George Washington's Railroad  
**CHESAPEAKE and OHIO**  
*Lines*

Original Predecessor Company Founded by George Washington in 1785

"A-L-L A-B-O-A-R-D The George Washington!" — ST. LOUIS - Union Station • CHICAGO - 12th Street Central Station • INDIANAPOLIS - Union Station • LOUISVILLE - Central Station • CINCINNATI - Union Terminal • WASHINGTON - Union Station • PHILADELPHIA - Pennsylvania R. R. Stations • NEW YORK - Pennsylvania Station.

try, on the other hand, was only 14 per cent of the corresponding figure for 1929.

These comparisons of production on a *per capita* basis, the Board points out, show more accurately than comparisons of total volume the improvement that must take place before 1929 levels are reached. Population and potential consuming power have increased. For that reason the attainment of 1929 standards, as measured by the *per capita* share of national income, will require a greater volume of production than in 1929. These comparisons indicate that in nearly all branches of manufacturing industry substantial improvement is needed to produce the equivalent of the 1929 manufacturing output.

### All eyes on Washington

A CHANGE as significant as it is profound is taking place in the editorial direction of the small town newspaper. "Suddenly and almost out of a clear sky our viewpoint as well as our outlook on the world in which we live has changed," to quote John L. Stewart, owner of papers in Beaver Falls and Washington. He was talking to members of the American Newspaper Publishers Association assembled in New York for their annual convention. He said:

For many years the successful small town publisher tried to develop what is known as "reader interest." That interest largely concerned local happenings. Today as we look out on the world of our own circle we find the workers on the streets and highways on many public projects with their minds centered on Washington and not on local affairs. The sources of the greatest news from a political standpoint are the various bureaus which have been set up by federal and state authorities.

Thus our local situation has taken on a national environment. It makes for an influence which cannot be escaped and certainly cannot be ignored.

Plenty of signs to be read as Mr. Stewart reads them, "as interpreters of the news and in asserting our editorial influence we have taken on a national outlook rather than a strictly local one; and at no time perhaps in journalistic history has the editorial column in the small newspaper become so important to reader interest."

### No fashions in principles

WHAT should a business do about observing its seventy-fifth anniversary? This year Wanamaker's had occasion to answer the question of whether it would use "a bombastic commercial exploitation and celebration." It decided that "it is not these two buildings at the turn of Broadway nor those two in Philadelphia, that represent the greater work that



has been done since John Wanamaker first kindled his little light on April 8, 1861."

Recognition of change—"fashions, customs, methods, transportation and communication"—brought its own recognition of the strength of the fundamentals—"Not everything has changed. Not the foundations of things. Not the firmament, nor the mountains, nor the continents, nor the oceans, nor the honor of men, nor the principles upon which this business so firmly stands."

What John Wanamaker started thousands of devoted men and women have pushed forward in his name. That fair dealing will carry a business or a nation far on its course is obvious enough. What is needed in these times is the perception that the lamps lighted in the beginning are still adequate to show the way.

### Horse and buggy days

WERE buggies licensed and registered like automobiles, they would make a sizable statistical showing. More to the substance is a report from Lawrenceburg, Ind., where the Knapp family is still turning out good buggies. William Knapp, who at 78 directs the company he founded years ago, says he sold 900 buggies last year for approximately \$75,000. His plant could turn out 5,000 units a year. The company's biggest year was 1921. Then sales slumped and had declined almost to the vanishing point by 1931. Now they are on the upgrade again, and there is no talk of closing the plant. Many buggies—75 per cent by one estimate—move in a southern exposure. Resale values in some areas top the prices for used cars. By this sort of testimony it develops that the machine age goes forward by horsepower in a very literal sense.

### The uses of adversity

WOULD it not be a double distilled perversity if disaster should prove the way to recovery? Floods, reports the Department of Commerce, have created an emergency market for \$421,000,000 in reconstruction. Another repair and rebuilding market estimated at \$25,000,000 is traceable to the twister which laid waste a wide swath in several southern states. Adversity, says the proverb, often leads to prosperity—but whose it does not nominate.

What business is doing to hold and expand its gains goes deeper than the cold precisions of the statistical measures of its progress. How well it has come through the first six months is a hopeful augury of its will to turn obstacles to good account. That many

## EXIT the big figuring machine that sat in the corner



MONROE ADDING-CALCULATOR, MODEL LA-6-C

## ENTER the convenient Monroe that sits on your desk and takes no more room than a letter

Twenty-four years ago the first Monroe was made and sold. It was then the simplest machine ever made for business figuring. Year by year it has been refined and simplified until today you have this desk-size Monroe with "Velvet Touch" keyboard. It weighs only about 16 pounds. It adds, subtracts, multiplies, and divides instantly and automatically. Small wonder that Monroe is the predominant calculating machine throughout American business.

Building on this wealth of experience, Monroe now offers

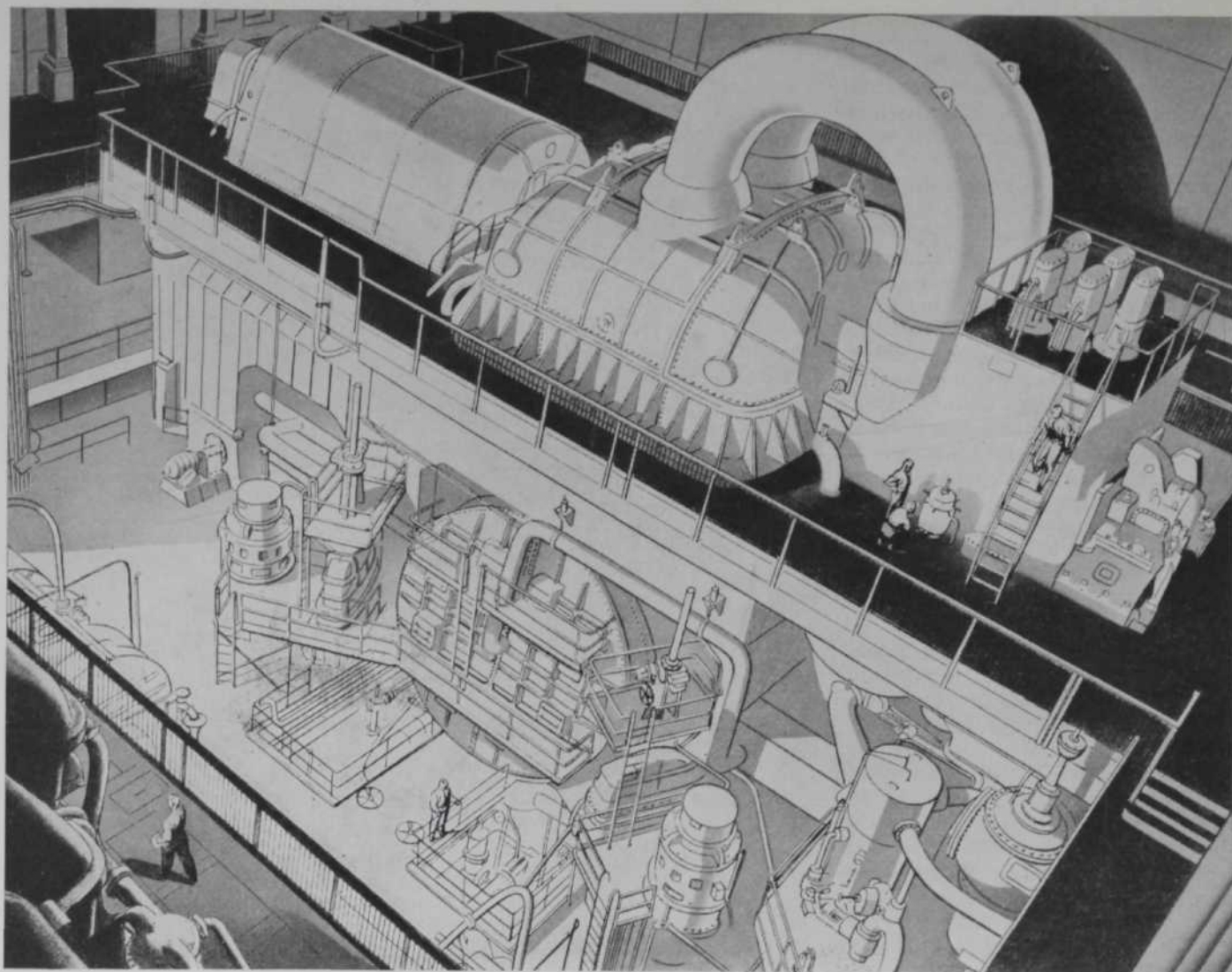
some 197 models: calculators, listers, bookkeeping machines, and check writers—all compact, all desk-size, all with the famous "Velvet Touch" keyboard that takes the strain and stress out of figuring. A call to the nearest Monroe branch or a letter to the factory will put a Monroe to work on your own figures. No obligation of course.

Just off the press, handsome booklet, "If Only I Could Work On Your Desk For An Hour." Send for free copy to MONROE CALCULATING MACHINE CO., INC. ORANGE, NEW JERSEY.



THERE IS A MONROE-OWNED BRANCH IN EVERY IMPORTANT CITY





## BACK OF THE "BUTTON"

You touch a switch with your finger, serenely unaware of an electrical miracle which takes place! So dependable has the service of electricity become, the average user takes it utterly for granted. It is news only if at any time it ceases to function.

Power to light a great city . . . power to drive fleets of trains on the electrified highway . . . 225,000 horsepower concentrated in a single unit . . . back of the "button!"

This 165,000 kilowatt turbine-generator is one of the latest of a

long series of Westinghouse achievements in making electrical service better, cheaper, more dependable. The largest unit of its type in the world, it occupies a space designed a few years ago for a machine of only one-third its capacity. A single bolt in the rotor shaft of this giant generator is 310 inches long and weighs over five tons!

Years ago Westinghouse introduced the steam turbine into America and applied it to



Installed by the Philadelphia Electric Company and built by Westinghouse, this giant single shaft generating unit furnishes power and light for the Philadelphia district and current for the Pennsylvania Railroad's new main line electrification between New York and Washington.

the generation of electricity in huge quantities . . . a revolutionary step which led to the development of the units of present-day capacities. That spirit of pioneering, of ceaseless improvement, inspires to still greater achievements as Westinghouse enters its second half-century. Westinghouse Electric & Manufacturing Co., East Pittsburgh, Pa.

50 YEARS OF ACHIEVEMENT





of the hazards are mental is readily apparent in the mercurial reactions to the war scares abroad and to the capricious curiosity of Congressional probers at home. Were business risks in need of rephrasing, the four-ply contribution of Col. Leonard Ayres looks formidable enough to test the mettle of any management—"weather, water, war, and uncertainty" make hard reading in hard times.

### Authority hot and cold

SCOLDING the railroads is becoming something of a trade. No carping is complete without admonition toward greater economy in operation. Reaction to the Interstate Commerce Commission's order to reduce fares shows the broad varieties in public understanding of the differences between what constitutes management and what constitutes regulation. Any idea of novelty in the argument that lower fares would solve the income problem is immediately modified by the existence of concessions already in effect. One day trips, week-end trips, ten day trips, summer rates and the like have been available for some time in the East, along with the widely advertised bargain fares offered in the South and West.

Charged with backwardness and stubborn resistance to change in their own interest, the railroads encounter a baffling inconsistency of public authority when innovation does issue from their resourcefulness. Witness the ruling against the free pick-up and delivery service which the roads proposed to initiate April 1. How the railways are to qualify as progressive in the face of official censorship which can nullify all improvement is a riddle for managements as well as logicians.

(The foregoing is written with commendable restraint, in view of the fact that a page advertisement of a railroad announcing a delivery service, scheduled for this number of NATION'S BUSINESS, was cancelled at the last minute by order of the Interstate Commerce Commission.)

### Relief for taxpayers

NOT all the New Jersey headlines emanate from Trenton. From Dunellen comes word that an overnight saving of 78 cents on the taxpayer's dollar was made when the state and the community reached an impasse on their respective contributions to relief. Thrown on its own resources, Dunellen found it could take care of its needy for \$9,000. State authorities figured they should add \$32,000. Dunellen said "no."

Watchung provides another object lesson. It used to spend \$900 a month

for poor relief, with the state supplying all but \$120. Shut off from state aid, the town has now cut the roll of dependent families to six.

Easy, of course, to contend that the two examples do not direct a sweeping conclusion that three-fourths of the state relief funds are wasted, that similar savings are generally possible, that conditions in small towns are comparable to those in great industrial centers, that genuine need is readily recognizable in big cities where the individual citizen may not even know the circumstances of his neighbors. What does appear is that the lessons of Dunellen and Watchung are broader than their locale. In their public significance they contribute to the enlightenment of the taxpayer and the confusion of authoritarian benevolence remote from its beneficiaries.

### New styles in banking

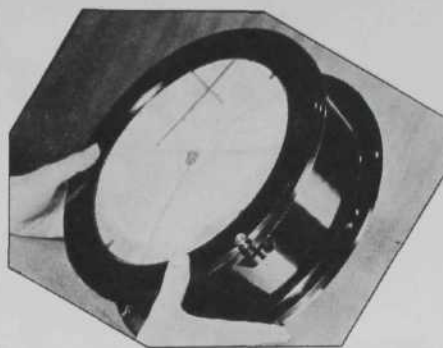
HOW new competition has qualified traditional practice in the banking business is exemplified by the invasion of consumer credit. At the end of 1935 it had surpassed the loans of all the nation's banks. E. S. Woolsey, vice president of the First National Bank of Louisville, provides figures to make the point. He reports:

Total new car financing to consumers amounted to \$723,000,000. Used car financing amounted to \$420,000,000. Federal Housing Loans amounted to \$301,000,000. It is estimated that personal loan companies lent \$2,000,000,000. Add to these sums personal loans made by local finance companies, credit unions and other agencies, and you have a figure which exceeds the \$6,500,000,000 of commercial loans currently outstanding.

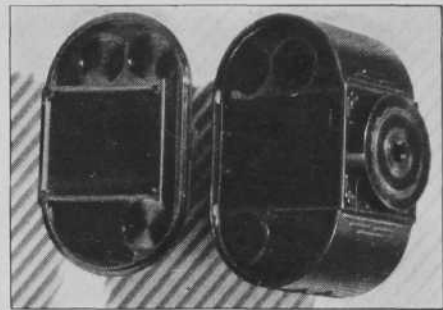
It takes no great vision to read new banking signs of the times. The quickening tempo of transportation has banished the need for large inventories, and with it the necessity of a great amount of short term loans. As corporations have grown in size they have looked to the capital market rather than to the commercial market for their working funds. Since 1933 several new government lending agencies have been established. In one way or another all compete with commercial banks.

As banks participate in public financing, they add to their investment portfolios. How deposits growing out of this financing are replacing what otherwise might be a more profitable commercial loan business is plain to see. Little choice for the bankers. Either compete for a share of automobile and personal paper or content themselves with becoming investment houses. Over and over again, in one field and another, the incontestable lesson is that no business can escape change.

## Plastic Products

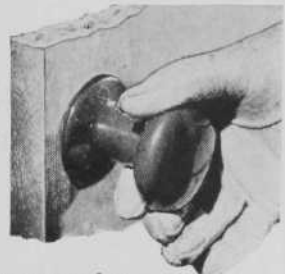


**GIANT**—12-inch molded Durez case for industrial recording instrument. Case is light in weight yet amply strong. Permanent glossy finish will not chip or crack and is unaffected by chemical fumes, acids.



**MIDGET**—Varsity Camera Corp. offers this new midget camera at 39c. Entire body complete with spare film compartment, partitions and exterior markings molded of Durez in one operation. No finishing necessary. Streamlined design, light weight, and enduring shiny finish have made it a sales success.

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# DUREZ





*... and what's more—*

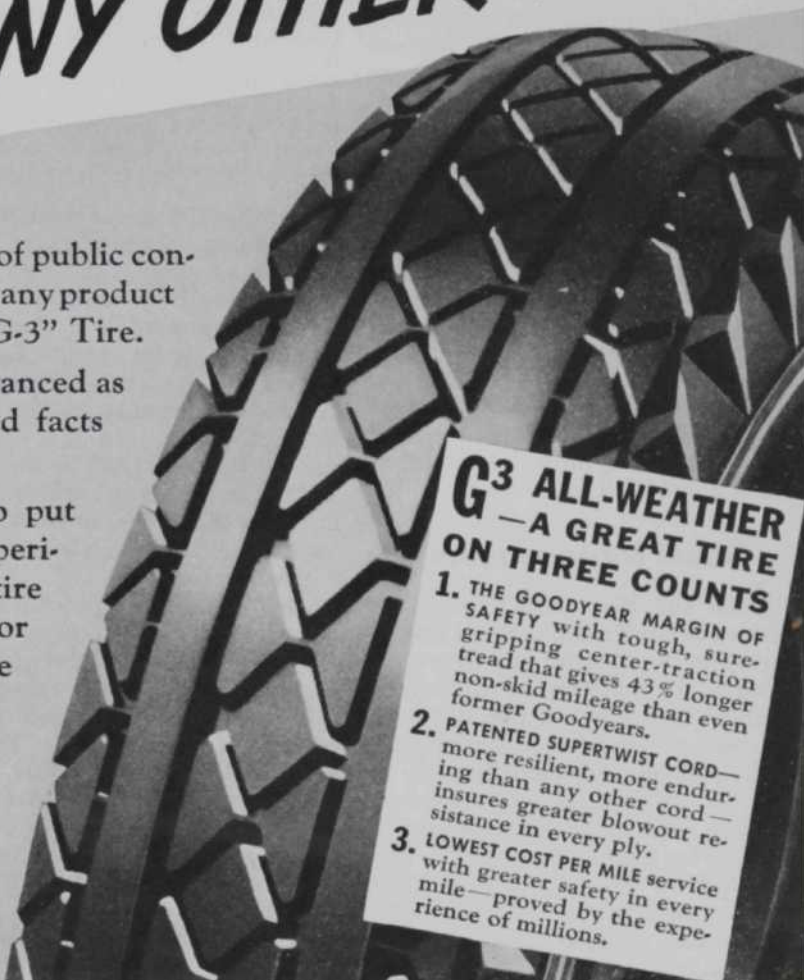
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No more positive vote of public confidence has ever been bestowed upon any product than that accorded the Goodyear "G-3" Tire.

When it was first introduced, we advanced as reason for preferring it the pointed facts reprinted at the right.

The public has had ample time to put these promises to the acid test of experience—and today no other single tire at any price enjoys such a wide sale or so great a public acceptance as the Goodyear "G-3" All-Weather.

What more do you need to know about a tire than that it is the voluntary choice of more shrewd, tire-wise, careful-buying American car owners than any other single kind?



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# NATION'S BUSINESS

★  
A MAGAZINE  
FOR  
BUSINESS MEN  
★

## *Business Patriotism—No Market!*

**WE** urged a successful industrialist to contribute an article on a subject in which he had had large experience. He replied:

I must be careful not to discuss publicly controversial questions. If I should arise before an audience and say "two and two are four; water still wets, and fire burns," and sit down, the papers would report the speech as a bitter attack upon the Administration. Political spokesmen would charge me with being a reactionary, and dig up the fact that in 1898 I represented a power company in a personal injury suit. There would be no debate on arithmetic or the wetness of water; the public would be led to believe that I was a greedy, selfish man who would ravish the multiplication table if it would make the rich richer and the poor poorer.

Our national pastime is to disregard facts and impugn motives; to revel in heat rather than search for light; to encourage hate and envy and thereby discourage unity of effort; to claim a monopoly on love of country, and to deny the slightest vestige of patriotism to those who differ with us.

This truth is self-evident: Any citizen worth his salt desires a better America in which to live and work. Debate should be confined to "which road will take us more quickly and safely to the goal?"

Of all foolish assumptions, this one takes the cake, that business men would willingly cut off their own prosperity to spite a political administration. As the head of a national industry sees it:

Business leaders are just as much in favor of the avowed objectives of the New Deal as is the average citizen. Business men are more anxious than anyone else to see the unemployed with good jobs again—to see the farmers with restored purchasing power, with children in school and old people properly cared for, with everyone, including business men, with shorter hours, thus having more leisure to enjoy the more abundant life. But the only way we know how actually to make these ideals come true is by the same slow, practical process by which our pioneer forefathers turned the forests and prairies into farms; by which Thomas Edison turned a laboratory experiment into a great industry; by which Henry Ford changed a horse and buggy into a horseless carriage.

Which road? Politics charts a course by designing a mold and pressing it down upon the activities of the people. Business puts its faith in learning by doing, in the object lessons of

accumulated experience. Regulation and regimentation are sired by the self-righteousness of the authoritarian. The struggle for economic liberty is as old as the struggle for political liberty. In truth, the lively concern to protect the one is to safeguard the other.

While colonies, in America, were throwing off the British yoke of oppression, Adam Smith, in Scotland, laid down a formula by which a nation might become wealthy. The coincidence of the act and the theory is significant. While colonists fought, Smith wrote:

The system of natural liberty tends toward the largest production of wealth. The self-interest of the consumer will lead to the demand for the things that are most useful to society, while the self-interest of the producer will lead to their production at the least cost. In the economic struggle the individual is animated mainly by motives of self-interest. If, therefore, he is allowed to use his capital as he pleases, to dispose of his labor to the best advantage, to exchange the products of his toil freely, and to have prices fixed by the natural laws of supply and demand, better results, not only to himself, but to the whole society will be secured. Unrestricted competition stimulates economic production, tends . . . to secure efficient service and the production of better products than can be obtained by state regulation or state management.

Yorktown in 1781 and Philadelphia in 1789 implemented these principles into an American way which has become an American tradition.

For the last six years, business has been scolded for its lack of leadership. The expectation of wonder-working is a compliment to the power of commerce in American affairs. What it ignores is the necessity for cooperation in a world of conflicting interests and opinions. Those who implore business men to cooperate, under threat of destruction of reputation, strait-jacket regulation and political reprisals, and who see no truth save under their own label—they are the real reactionaries. They would take us back to the government-ridden days when to "discuss publicly controversial questions" was something of an adventure. They endanger the American Tradition.

*Merce Thorne*





## PATHFINDERS OF TOMORROW

When the old pioneers were still trekking into the hinterlands, the Mimeograph came as new help to young American industry. For more than fifty years this company has led the way in the betterment of stencil duplication—and we are constantly exploring the field of science to make the process even more efficient and resultful. Today business needs the urge of the pioneering spirit; it needs new roads to greater opportunity. For you, the Mimeograph Process may mean a new world of possibilities. Quickly, easily, privately, and at low cost, this modern tool of business and education turns out perfect copies of text matter, illustrations, maps, graphs, etc., in quantities unlimited. For latest particulars of fine accomplishment in your field write today to A. B. Dick Company, Chicago, or see your classified telephone directory for local address.

# M I M E O G R A P H







# "With Love from Dad"

THE "OLD MAN" takes pen in hand to write (old style) to his boy at college who has been exposed to strange and disturbing doctrines

ON EVERY HAND young men and women are beset with the counsel of despair. Defeatists tell them their birthright is barren, that "opportunity" is no longer a word with meaning in America. Knowledge is no longer power; it is a drug on the market. A man who came to success the hard way draws upon his experience and reveals the path of his own progress. Finding the door to achievement open in his own youth, he is concerned to keep it open for the generations to come. The writer is well known in the business world. How real the hazards faced and chances taken, his many friends could readily attest. We persuaded him to allow us to print his letter here feeling that many fathers among our readers would write the same letter if they "had time." Perhaps they will send this on to their own sons as a substitute.—THE EDITOR

## My dear Son:

YOU must be having a pretty tough time at college in these last few days before graduation. Your Mother and I read your letter together last night. Mother worried a good deal about it—you know how mothers worry—but just between us, Son, I had to keep a chuckle under control so your Mother would not hear it. She's apt to think I chuckle sometimes in the wrong places, and that can provoke a lot of domestic infelicity.

Your letter made me think of my own troubles at graduation age. You are a pretty competent boy, Son, but it doesn't seem to me that you can go all to pieces under calamity the way I could at your age. Maybe I am boasting, but I was a lot sadder at that age than you are now, Son.

One of my New Year's resolutions in my years of reflection has been that I would avoid that failing of

older men—expounding to the new generation what they did in their youth. My ears were always cocked to the disparaging comment of young fellows like yourself with the unknown future before them, and the accompanying doubts and anxieties, expressing their opinion of the old dubs who made out that they were more industrious, more energetic and of course more competent than the new generation.

I am going to break this rule this once and remind you now that your generation and mine were somewhat alike in efforts to unveil an unknown future.

My father died when I was 13. He left no money, but I hope something of intelligence and energy. I had to leave school at once to work, so I have no first-hand high school or college experience to wrap up and hand to you. Perhaps for that reason I have studied young fellows with more in-

terest, and maybe understand them better. Anyway, like you, I had to find a job, and with me it was right away. And I did. My alarm clock buzzed at 4:00 A.M. The gas lights on the street corners of my little western lumber town were pretty dim, and almost half the year my journey to the morning paper pressroom was in zero weather and worse. I achieved the all time long-distance record for yawning on my way.

Until 6:00 o'clock I fed the press for a morning paper whose circulation had recently jumped to 1,600. Then two hours' sleep on a pile of newsprint, and it was time to sweep out a grain office. At five in the afternoon, the evening paper solicited my super-service. I was known as the most expert boy press feeder in the state but my career was cut short when some darned inventor hitched an automatic feeder to the press, and I became "technologically" unemployed. Luckily, by that time, I could make marks and symbols with a pen on a ledger page.

I can't remember that I worried about child labor, and my recollection runs that I was ready and willing to meet any problem or worry if it would come up and face a fair fight. I have since met lots of old codgers who started much the same way. Today, nine-tenths of any board of directors could tell the same story. And when they get time to turn from balance sheets and schedules that crystallize into employment and pay rolls for thousands of others, they don't forget the young fellow of today, either. I hear you say "But, Dad, things are not the same; we don't have the same chances." It is different, of course, but one advantage we

had in those early days you can get today by cotton earplugs—that is not to listen to the professional howlers.

My own chums whose fathers lived, kept on through school and college and thus, by contact, I was fully informed of the hopeless state of the world. I remember Jim especially. He used to talk earnestly and solemnly with me. He graduated, floundered a little on his own, finally got started, and today signs the pay checks for 40,000 men who think the old man has always had it pretty soft.

Thirty-five years ago this very month he wrote a letter to his father. He was about to graduate from college and there was not as big a gleam of hope for him as the flame of a safety match on the other side of a wide river at midnight. He was sunk, Son, and he knew it, and it was plain that everyone else was sunk along with him. No one had offered him a job, the country was going to the dogs, the Nihilists were about to bite the head off the Statue of Liberty. The world was breaking up, foreign trade was ruined, fields were growing up in weeds, and the members of the college faculty were holding back the tears whenever they looked at their devastated young faces. His Old Man—I hope that in the intimacy of your undergraduate circle you speak of me as the Old Man—sent him a small check and a line of counsel:

Probably you're right and the end of the world is right now coming down the road. But if you hurry you might be able to spend the enclosed before the collapse comes.

P.S.: I just sold a right good bill of goods in a new place and I gave 'em 90 days credit, too. If the end of the world comes before I get my money, the laugh will certainly be on me.

### Pessimism rampant

THAT letter kind of put him back on his feet. He had been rocking mentally like one of these round-bottomed Chinese dolls when a wind hits it, but after that he quit rocking.

He had a professor in college who must have been a good deal like this Aubrey Williams of the National Youth Administration, whose statement at the Education Convention you enclosed in your letter.<sup>1</sup> Only I think maybe his professor could grovel deeper in despair. The most he hoped for was that he could maybe crawl somewhere into a corner and die like a dog. He said he was lucky in one way. Being older than his dearly loved students, the end would

come to him first. He would not have to suffer on through long, black years, watching his friends drag in misery to the final agony in a ditch. He believed all he said. And all the time the country was just busting with opportunities. Just as it is now.

Jim didn't have any more of a job waiting for him when he got out of college than you have today. So far as I know, none of the fellows in his class had jobs waiting for them either. He took the matter up with his Old Man one morning and he said he couldn't do anything for him. Jim

**"This is the greatest country in the world, Son. We are worried sometimes by those who cry into their chowder but pretty soon a chance comes to do a little business and our jaws lift back in place. That's what we're going to do again in this country. We may have to boot some of the mourners out of the road, of course"**

didn't seem to have any talent for hard work, and his father didn't think he could pay him a salary for just sitting around and waiting for the end. He could do his waiting, he said, on his own time. The Old Man was a pretty tough kidder, but he didn't give him a job. He had to go out and get one for himself.

He got a lot out of that first job. He went out to sell to doctors a ripe, handsome engraving of Rembrandt's picture "The First Dissection." I think that was the name. Anyhow, a large, white cadaver was stretched on an operating table, and students were grouped around a surgeon who had knives and saws in his hands. Even the hard-boiled doctors turned pale when they looked at it. One old surgeon laughed in his face when he found what the boy was trying to do.

<sup>1</sup>The statement referred to was made by Mr. Williams in a speech before the State Education Convention in West Virginia. It follows: "We know that a vast overwhelming majority of the children born in the last 25 years will never rise above a hand-to-mouth existence; that all their steps from the cradle to the grave will be dogged by poverty, sickness and insecurity. Yet in spite of this we cling with desperate tenacity to this fond illusion of political freedom. Economic freedom and political freedom as we have known them can no longer work side by side as twin philosophies. The one has made a mockery of the other. Professorial and intellectual honesty demand that you tell your pupils that 70 per cent of our people must live below the standard of decency; that nearly half the national wealth is concentrated in the hands of less than 2 per cent of the population; that millions now unemployed will never find jobs again; that their chances of gaining economic freedom are stacked four to one against them."—Editor.

"Listen, young feller," he said, "why don't you use your head? Even if I bought that thing, where would I hang it? Not in my operating room. A patient who got one glimpse of that would jump out of the window. Not in my waiting room, where patients sit and wait for the game to start. You get this in your head, young fellow. The thing to sell is what the other fellow wants."

That advice stuck with Jim.

It was a month before he got another job and he made that job himself. It is one thing to ask a man to give you \$15 a week and another to show your prospective boss that you can make money for him. They'll all fall for that lure. I will myself. I haven't got much use yet for you around the factory, but if you come into this office the day after graduation and say to me:

"Dad, I can make you two dollars a week clear if you give me a job—"

### Good public sufferer

SON, you can't get out of the office fast enough to escape being put on the pay roll. Look at this Aubrey Williams you wrote me about. He was a social worker not so long ago. Social workers ought to put heart and courage into others, and have it themselves. But when he found out he had a gift for suffering harder in public than any other man in the country, he probably went to Harry Hopkins of the WPA. Hopkins always has room for a few good sufferers. Like enough, Aubrey Williams said to him:

"I want you to look at me suffer, Mr. Hopkins. Watch me spike myself to the rack and tear myself limb from limb. Hear me scream, Mr. Hopkins. There isn't a man in the country who can exorcise the way I do. Do I get the job?"

Of course he got the job. He made good, too. Some of the sentences in that talk he made to the Education Convention made the chills run down my back. That is, until I remembered the old hound dog that Grandfather used to have. He was the mournfullest howler that ever I listened to. Any night of a full moon he could sit on a hill and grieve so you could hear him for miles.

We believed in those days that dogs had some kind of a link with the Infinite and that they knew when some one was going to die, and it was years before I found out that old dog lived in the healthiest part of the state. The only man who ever died there be-

(Continued on page 141)



# *Their Business is "Growing"*

By PERRY R. THOMAS



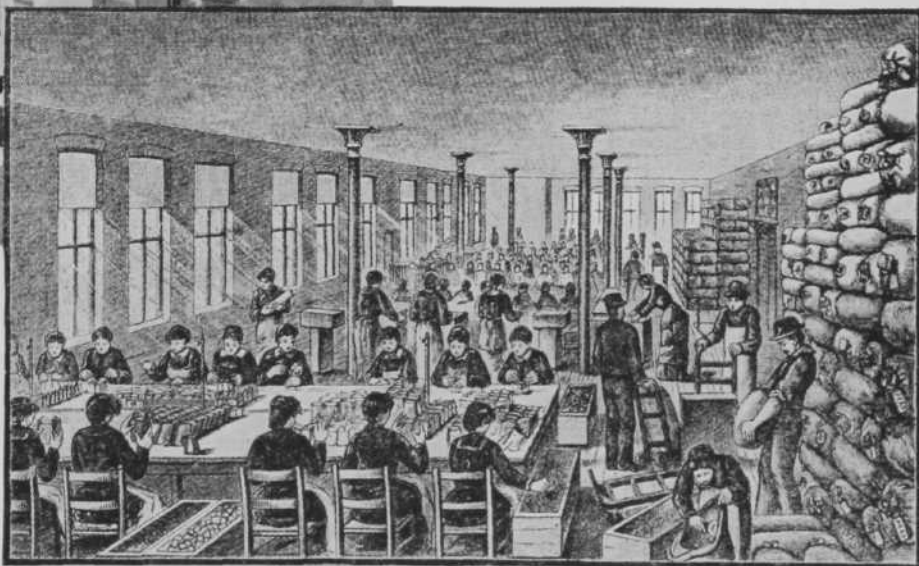
A conveyor brings the work to the worker in a modern seed plant

**T**HE STORY of the growth of a seed is a saga that has changed little since man's bed was the floor of a dank cave, a heavy bludgeon his best sales argument.

While the basic process of a plant's growth from seed and its production of more seed is just as it was ages ago, much has happened in the garden seed world. True, the production and sale of seed was an established enterprise in Europe several centuries ago; but it was not until early in the nineteenth century that the seed business in this country began to assume a form anything like that of the seed business of 1936.

As mass production and mechanization increased, as roads and waterways opened, and as distribution methods were devised, its development paralleled that of other businesses. But, in the roar of foundries and the rush of the automotive industry, the evolution of the modern seed business was almost unnoticed.

Pioneers of this country's garden seed trade, seeking suitable sites for



This picture, from a catalog of the '80's, shows how seeds were packaged before the industry was mechanized

production early in 1800, found their operations for the most part limited by nature to sections of New England, northern New York, and lower Canada. A variety of seed crops also was grown in Bucks County, Pa., in which is located the town of Bristol, home of the oldest seed house in America, the D. Landreth Co., now just 152 years old.

The cagey seed producers of the old country provided stiff competition for the American tyros. The Europeans had the advantage of better organization, trained labor and better equipment. They also had learned the advantage of putting their eggs in several baskets, that is, of contracting small seed acreages

with many individual farmers, thus dividing the risk of crop failures. Too, consumer favor had been won through the years.

The Americans soon found out that peas and beans grew excellently in the new country and that their quality was as high as that of imported peas and beans.

The aggressive Yanks early captured the American market for these two items. But for many decades after seed production was recognized as an important business in the United States, most of the smaller vegetable seeds, such as beet, carrot, onion and lettuce, were imported. They were more easily grown in France and Germany than in Con-



necticut or New York or the other states of the new country.

There are today two classifications of garden seed trade—bulk and packet. Seedsmen sell by bulk to dealers who supply the market gardeners, to large canners who grow their own crops, and to shippers who supply vegetables to food stores. Statistics show that 2,224,969 acres were devoted to commercial production of vegetables for canning and the markets in 1934. Certain large shippers require, on an average, as much as 70,000 pounds of seed of one variety of one vegetable in a single year.

### Large trade in bulk seeds

EARLY houses of prominence in the bulk trade were George S. Haskell, Rockford, Ill., and William Meggatt, Wethersfield, Conn. Neither is now in operation. One of the oldest bulk trade firms, Associated Seed Growers, Inc., New Haven, Conn., is this year celebrating its eightieth anniversary.

The bulk trade was an important phase of the seed business almost from its inception in this country. It grew and developed as population increased. In the early days there was, of course, no canning trade to be sup-

plied, for it is only within the past 40 years that bulk seed trade with the canners assumed important proportions.

As production volume in the eastern states increased, as postal and transportation facilities became more efficient, and as the seed-purchasing public became more diversified, the two major methods of garden seed distribution by packet took shape.

There was, first, the catalog method, the well tried system of distributing lists and quotations for customers to use in ordering by mail. One of the earliest catalogs on record is that of J. M. Thornburn & Co., of New York City, published about 1815. James Vick, of Rochester, N. Y., and Peter Henderson & Co., of New York City, were other early catalog houses.

It was probably a bit later that firms adopted the plan of placing boxes of their seed with retail dealers on a commission basis. A retailer, agreeing to placement of a box in his establishment, receives a commission for each packet of seed sold. The earliest commission houses had headquarters in Connecticut, in the neighborhood of Wethersfield, the seed growing center of that time. Others were founded in Philadelphia and Rochester about 100 years ago.

Pioneering the commission box field further west was Gardner, Ferry & Church, of Detroit. D. M. Ferry, a young associate in that firm, was convinced that the home gardener could be served most efficiently

by placing convenient to him an assortment of dependable seeds from which he could select his annual supply. Young Ferry shortly became head of the firm, the name of D. M. Ferry & Co. being adopted.

While distribution methods were thus early established, the problem of building domestic production was a stubborn one. Its solution came sooner than it might otherwise have, principally as the result of the illness of an eastern seedsman.

### Growing garden seeds

ROBERT W. WILSON, who had sold seed to a number of leading merchandisers, was forced by ill health to leave Rochester. He went to Iowa in 1872, but remained there only a year, moving on to Santa Clara, Calif. The soil and climate there impressed him and his love for his trade asserted itself, so he planted a three-acre field of lettuce for seed. It was almost in the nature of an experiment. But the returns were exceedingly gratifying. He pushed the experiment a step further, tried beet, onion and carrot in addition to lettuce. Again the harvest was abundant, and "small seed" production was definitely begun within the United States.

Mr. Wilson's success with his seed crops, however, was greater than he experienced in his battle for renewed health, and he was forced to sell his business in 1877 to two young men, Kellogg and Morse. In 1886, the successor firm to Robert Wilson, first commercial seed grower on the West Coast, became C. C. Morse & Company when Mr. Kellogg sold out to Mr. Morse. The Morse Company, on

(Continued on page 126)



Commission boxes have changed from "just boxes" to attractive displays which fit into the decorative scheme of modern stores





# Washington and Your Business

By IRA E. BENNETT, for 25 years Editor, "The Washington Post"

**Dear Mac:** You recall that this was to be a "brief and uneventful" session—just a few days to dispatch two pieces of business: More taxes and another billion and a half for Harry Hopkins' spending agency.

As the "brief" session faces its sixth month it begins to be eventful.

The idea that Congress would present a tax plan that would control corporation surpluses, fill up the gap in processing taxes, finance payments to farmers, and get back refunded taxes to processors didn't develop unalloyed joy in Congress. The more the tax plan was studied the less it pleased the lawmakers.

The opinions of business men were reflected at the United States Chamber of Commerce convention and before the House and Senate Committees. The bill as passed by the House began to undergo revision in the Senate committee.

Many members of Congress, from various sections, have told me privately that they realize the risk of slapping taxes upon voters just before election. None of them in private talk adopts the argument that the Supreme Court is to blame for extra taxes by invalidating the unconstitutional tax embodied in the defunct AAA. They fear the voters will hold them, and not the Supreme Court, responsible for the heavy extra taxation that is impending.

No need of going into the pros and cons of tax proposals now. The situation changes hourly. One delay after another prolongs the session. Now it's suggested that perhaps Congress will have to take a recess to permit members to attend the conventions. That was done in 1912 by a gentlemen's agreement, I recall, when Champ Clark lost the nomination after receiving a majority vote. (If the two-thirds rule about to be abolished by order of Mr. Roosevelt had not been in effect, Clark and not Wilson would have profited by the Roosevelt-Taft split in that year.)

No recess was taken in 1916, while Wilson and Charles E. Hughes were being nominated. In 1932 Congress was in session during the conventions. Of course, members stole away to attend.

One of two things might happen now, if the President and Congress are determined to shut up shop. They can let the bars down and push through a lot of bills that have been hung up. Or they can clamp down, shut out everything but taxes and relief, and quit. Pressure for adjournment is strong.

## Deficit and Debt

I NOTE what you say about Morgenthau "spilling the beans" by telling the Senate there would be a \$5,996,000,000 deficit. He didn't spill any beans. All the senators knew about the deficit. What Mr. Morgenthau did was to try to put pressure on the Senate to increase revenues.

You seem to be scared by this deficit and the mounting public debt. Maybe you are an exception—and then again, maybe a lot of people are doing a little figuring to see how they are affected.

Secretary Morgenthau's \$6,000,000,000 deficit for the current fiscal year was somewhat of a bugaboo for the

Senate, intended to convince them that added revenues were needed. He got it by putting all the bonus payments in a lump this year.

A better figure is that this year and the next will produce a deficit of between \$8 and \$9 billions, \$8.6 billions being a good guess. That's nearly \$70 for each individual in the United States, more than \$200 for a family of four. And that's added in two years.

This doesn't represent the total debt, of course. The debt will reach \$34,500,000,000 by June 30. Figure that out as distributed among 125,000,000 individuals.

Business visitors who drop into my office are cheerful over the short term prospects and have pretty well given up worrying about European wars, the French political situation and the League of Nations. It all seems far away. So, of course, did Sarajevo in June, 1914.

They're making goods and selling 'em. First quarter earnings for '36 were fine.

Second quarter will show up well. The campaign won't dull trade much and Congress once adjourned won't get into action until January. Summer resorts, railroads and ship lines look for good business.

Two encouraging bits of news are that real estate foreclosures are falling sharply and that reports of scarcity of labor, especially of skilled labor, are increasing. Construction offers about the best field for reemployment and construction continues to pick up in spite of threats of still more government competition. When the mayor of our biggest city says that if the Wagner bill passes (and it may in some shape or other) his city will borrow \$75,000,000 for residence building, it's not surprising that private business hesitates.

## Relief

THE Hopkins Works Progress Administration is spending about \$275,000,000 a month. A large part of last year's \$4,000,000,000 appropriation is not yet spent, but extra efforts will be made this summer and fall to get rid of it. The President's request for another \$1,500,000,000 to be placed in Hopkins' hands without restrictions met opposition in Congress. Members wanted something to show for this expenditure—something permanent.

Secretary Ickes, head of the Public Works Administration, had a schedule of \$700,000,000 for public works which many members of Congress wanted to take from the Hopkins fund. But the President demurred—he said permanent works would not hire sufficient men. The money will go to relief.

Back of this controversy lies public resentment. People object to absolute waste, and send in their kicks and threats to Congressmen. Between Presidential pressure and home pressure, some Congressmen have been badly squeezed.

Just tack on \$45 to your family tax this year for Hopkins' spending. No assurance that this ends the relief outgo. On the contrary, Hopkins serves notice that he will ask for more next year.

Deep disagreement over relief methods provides one of the political issues of 1936. Anti-New Dealers insist that encouragement of business is the only way to bring



about reemployment of the idle and cut down the costs of relief which, under the Hopkins plan, threaten to be permanent.

## Social Security

THE deficiency bill that carries the Hopkins relief fund also provides nearly \$500,000,000 toward the social security program. Present policy is to accumulate a reserve trust fund, which ultimately may reach \$50,000,000,000 or even more. Most of it will be obtained by taxes on employers and employees. It's to provide unemployment insurance, old-age pensions,—a rainy day fund, you might call it.

Yet the tax bill does away with rainy-day savings of corporations on which they can keep people employed in hard times.

**Frazier-Lemke** YOU saw how 218 members of the House forced the Frazier-Lemke bill up. Inflation sentiment persists in Congress, in spite of warnings and European horrible examples. Some people say inflation is already here in the shape of uncontrolled increase of debt represented by huge holding of government bonds and short-term notes by banks.

The Frazier-Lemke bill would have brought about direct inflation by issuance of \$3,000,000,000 in greenbacks to be lent to farmers at low interest and long time by a board made up of farmers.

The Frazier-Lemke bill was promptly beaten in the House, but as Leonard Ayres of the Cleveland Trust Company puts it:

"To argue that it is impossible for us to have an inflation in this country is to maintain that we can continue indefinitely to spend through our national government more than we collect in revenues, and to do it without impairing the value of our money."

Incidentally, Colonel Ayres says that if we mean by inflation "a period of rapidly rising prices mounting to abnormally high levels, and ending with a new stabilization of the dollar at a drastically decreased gold value of perhaps 20 cents or so on our old standard," then it "does not appear to be a probable development for 1936, 1937 or 1938."

Furthermore, he says, "there are no effective hedges against inflation."

## Politics

OF COURSE you're getting ready for the great quadrennial political spree. Guessing on the G.O.P. winner is free for all, and one guess is every bit as good as another.

The Cleveland convention opens with delegates as much in the dark as you will be at your radio. More than one ballot will be needed—and unless somebody's bandwagon proves irresistible, a deadlock may develop. In that case a dark horse will proudly trot away with the ribbon. The uninstructed delegates will choose the nominee—possibly after receiving instructions from a small coterie of leaders, no one of which will be able to put his own man over.

No guessing about the Philadelphia nominee. But there is some guessing about the Philadelphia platform. Will it cater to radicalism, or squint a little to the right, or straddle all along the line? Some people tell me, "Oh, never mind the platform—Roosevelt is his own platform. He makes it as he goes along." Just the same, I know you and a lot of others out there in the Middle West will keep your ears glued to the radio as the platform is being read.

The campaign will get under way early and stay late. Democrats have the best of it in prompt organization

of the national committee. It's already organized, with Jim Farley on the bridge. The G.O.P. nominee will name his own chairman and the reorganization of the committee is necessarily bound to take a little time which will permit the other fellows to get away to a head start.

## Snooping and Spying

LOTS of grumbling over more or less definite cases of spying on senators and representatives. Some of them assert that their desks have been rifled. Matters reached such a stage that Senator Bone of Washington threatened to demand an investigation of alleged use of spies by government agencies.

Unwarranted inspection of telegrams by Federal Communications Commission agents created a bad impression which has not been removed by the Commission's assurance that it "won't do it again."

You can hear talk of telephones tapped, of spies listening in on conversations at hotel tables. Whenever a letter is opened "by mistake" it's charged that there is tampering with the mails. You see how a few genuine cases of snooping result in getting people up in the air and causing a lot of mischief.

## Investigations

CONGRESSIONAL investigations are lagging. Repercussions of the Black lobby committee's doings haven't been any too favorable. Confidential advice to committee men from insiders has been to "lay off." Senators on both sides of the aisle gave signs of turning thumbs down on the committee after it got in bad with the American press.

## Lobbying

HOUSE passed a bill requiring registration of paid agents lobbying for or against legislation. The Senate did this, and added a provision requiring registration of paid agents dealing with executive departments. These two bills went to conference April 8 and conferees wrestled a long time because the House didn't want the Senate addition.

Lobbyists were busy trying to beat these lobby bills. Several thousand lawyers in Washington represent contractors doing business with the Government. They don't care to have the public know all about their salaries, expense accounts, etc. Among them are politicians standing in with important New Deal officials who have helped them collect fat fees. Publication of all these matters wouldn't help these politicians or their official friends.

## Reciprocity Act

FLORIDA fruit and vegetable growers put up a fund with which to attack the reciprocity act on constitutional grounds. An effort was made in a New York court to break open this question, but the court granted a postponement which means that the matter will carry over until after election.

One of the points to be raised by Republican campaign speakers is that the reciprocity act is unconstitutional in that it attempts to confer the treaty-making power upon the President. Meanwhile, Secretary Hull makes one trade agreement after another. Increasing imports of farm products are charged up against these trade agreements.

Don't take too seriously the new talk about petroleum shortage. We use a tremendous amount, and we both export and import. But didn't some prophetic committee once say that we had only seven years' supply and that was much more than seven years ago? There's a lot of talk of alcohol from farm produce as fuel for internal



combustion engines. There's talk, too—has been for years—of using crude oil in a Diesel-type engine for autos. Both of these things are possible and, although neither one of them is right at hand an actual shortage would speed up one or both. So don't scrap your car or get excited.

When someone tells you "all about it," listen and "say nuffin'."

## Labor Split Grows Wider

THE split in the ranks of organized labor grows more acute. The Federation, with William Green in command, is struggling to organize the steel industry while the Committee on Industrial Organization (John Lewis) is fighting to bring steel into the fold and is including a gift of \$500,000 for the steel workers' chest. Meanwhile, both parties to the battle seem to lean toward support of the Democrats in the November election. That's contrary to Green's whole principle—to keep out of national campaigns but to shoot at individuals who are unfriendly to labor organization. Lewis has declared himself for Franklin Roosevelt.

Labor unions are fighting for only two bills in this passing legislation—the Wagner housing bill and the Healey bill, which puts NRA provisions into government contracts. The latter is dead but there may be an effort to beat certain Congressmen. The Wagner bill, so I am told, will go through, if at all, in an emaciated way.

Not a good year for labor in Congress this last session.

## Reclamation Projects

MAYBE you've heard criticism of big spending for reclamation projects calculated to increase farm output, while another agency is trying to reduce farm output. Senate and House deadlocked on this—House balked at \$57,000,000 item inserted by Senate in the Interior Bill to provide for new and costly projects.

Yet, on April 18, the President signed an act creating a commission to find out what's the matter with existing reclamation projects, and "extending" relief for another year to water users on these projects.

## Farm Mortgages

GOVERNOR MYERS of the Farm Credit Administration estimates total farm mortgages at \$7,770,000,000. Federal land banks and Land Bank Commissioner hold \$2,870,000,000 in farm mortgages; life insurance companies a little less than \$1,000,000,000; commercial banks about \$500,000,000; and individuals about \$4,350,000,000.

Farm mortgage loans by federal banks, insurance companies and commercial banks are increasing, but the total of farm mortgages is decreasing.

Farmers are paying off some of their debts by refinancing.

## Passenger Rates

EASTERN railroads adopt the new passenger rate schedule but may bring suit to have order canceled. They regard Interstate Commerce Commission order as an invasion of managerial powers. Heretofore railroads have posted rates and the ICC has approved or disapproved. Now the Commission tells the railroads what the Commission thinks would be good business. Railroad managers want the right to decide these things for themselves. The railroads are a little disturbed at the prospect of mandatory changes in freight rates.

## FCC To Talk Bands

THE Federal Communications Commission has an important hearing beginning June 15. They'll discuss among other things claims for a new large "band of frequencies." A friend who knows tells me:

"There is no room for television in the frequencies below 30,000 kc. and if it is ever to come it must be in the bands of newly developed radio waves. . . . The Army and Navy are obtaining huge appropriations this spring and plan to establish large networks of radio stations using their frequencies. . . . They may block the development of television.

"Underlying are important practical questions, one whether the public will have to scrap its tremendous investment in radio receivers."

## Power Plans

MAYBE we'll all be moving up to the Pacific Northwest if and when the dream of the "Pacific Northwest Regional Planning Commission" is realized. This vision is embodied and adopted in a report of the National Resources Committee, which consists largely of Cabinet members. It provides the basis of hearings by the Senate committee on agriculture, which is considering plans for federalizing power resources in the Columbia River basin.

Although the Pacific Northwest already has more power than it can use and is slated for still more, originating at Bonneville and Grand Coulee, the Resources Committee favors monopolizing all power projects and developing them—Columbia, Clark's Fork, Snake, and Willamette. Minor projects under state control would be taken over. State control of rates would be abolished by this interstate set-up. Cost of construction would be disguised by injecting the factor of "relief of unemployment" as a set-off. A novel government agency would be created, half private corporation and half federal commission, independent of the federal auditing system but owned wholly by the Government.

Nothing will be done at this session on forward step in government power operation.

## Along the Potomac

PROFESSOR TUGWELL'S Resettlement Administration employs 16,943 persons at an annual salary of \$24,380,985. . . . General Markham, Chief of Engineers, reports that \$611,000,000 has been spent on rivers and harbors in the past three years, employing an average of 55,000 men. . . . Value of competitive farm products imported has risen to eight per cent of total farm income. In many instances the Hopkins relief outfit pays "prevailing wages" instead of a "security wage"—notably on lagging suburban resettlement projects. . . . Last year April sightseers at White House numbered 38,761—this year 112,430. . . . Big kick developing against proposed \$30,000,000 memorial to Jefferson in St. Louis, entailing destruction of many business blocks. . . . Bill to repeal provision requiring District of Columbia teachers to give oath they have not taught Communism is lost in the shuffle. . . . Youth Administration gets \$75,000,000 of the relief fund. . . . Congress appropriated \$20,000,000 for work on reservoirs that it never authorized. . . . All investigation and crime-detection agencies in connection with customs, narcotics, alcohol and counterfeiting have been consolidated in the Treasury Agency Service. . . . Great Britain is sending certain textiles in increasing quantities to this country under the Belgian trade agreement which gives most-favored-nations entry into the American market. . . . Maryland mountaineers object to creation of mountain parks which absorb their farms, and are accused of setting forest fires. . . . Harry Hopkins' administrative staff, paid out of relief funds, numbered 144,095 in March.



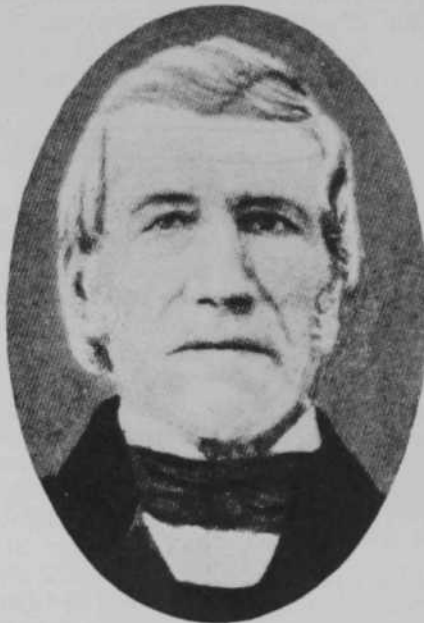
# Saga of a Small Town

By PAUL H. HAYWARD

**C**ALLOUSED hands eased Ed Murray's bundles down onto worn plankings of the Baltimore wharf. There was a speculative glint in Ed Murray's eyes as he stretched the kinks of a five weeks' sailing-ship voyage from sturdy legs and surveyed the hustle and bustle of the waterfront. The year was 1816, Ed Murray was 28. Behind him lay Ireland's potato fields and the years of hard work that had paid his passage. Ahead—

Twelve years later the packet, "E. Murray," nosed its way down the newly-opened Delaware and Hudson Canal New York-bound, deep-laden with anthracite mined near Carbon-dale and brought down the Moosic Mountains to canal head at Honesdale, Pa., by gravity railroad. Assorted merchandise would be aboard on the return trip, merchandise which Captain Ed Murray would sell along the route, merchandise which would earn him a reputation as a "fair and able trader" and a few years later set him up in a general store business in Honesdale.

The years sped on. The Irish im-



Captain Ed Murray

migrant youth was now a graying man, stern, dignified, one of Honesdale's first citizens. His interests still included the aging packet "E. Murray"—and also an uptown and downtown store, a bakery, three canal-outfitting stores, a stage line and a farm. His high silk hat—he

thriftily blackened the gray spots with ink each night—bulged with his papers.

That hat, without which Captain Murray never fared forth, was something of an institution in Honesdale. There was the time, in the crisis of 1857, when the Philadelphia banks suspended payments, then the New York banks, with which the Honesdale bank did business. While other Honesdale citizens were gathering at the bank to demand their deposits, Captain Murray was hurrying home. He was back in a trice, but for once he wasn't wearing that high silk hat. Gray hair awry, he was elbowing his way through the alarmed depositors. In his hands was the hat and in the hat was an overflowing burden of coins. He dumped them on the teller's counter and the run was over.

There were other vicissitudes, of course. Fire struck often at Honesdale and at Captain Murray's holdings. In 1851 it swept almost the entire business district and much of the Murray property away. In 1853 it struck again, but—well, Captain



Entertainment at a Murray Spring Opening ranges from talking movies of customers, through manufacturers' demonstrations to skits on an improvised stage

FOR NATION'S BUSINESS BY HAMMER



# Merchant

"WE'RE just small town merchants doing a fairly good job," says Bob Murray. The Murrys have been keeping shop in Honesdale, Pa., for more than a century. They do their job so well that their volume approaches \$750,000 a year



A new store was built in 1907 and in 1914 an adjoining building was also occupied. Below, the Murray store shortly before the fire of 1851

Murray was always a consistent advertiser and we'll let him tell about that, via the columns of the *Wayne County Herald*:

## NARROW ESCAPE!

The subscriber, infinitely thankful to Divine Providence and to his fellow-citizens of Honesdale and vicinity for their generous assistance, would inform his friends and customers of Wayne and adjacent counties that his Store and Stock of Merchandise escaped being burned by the late fire in this Borough . . . notwithstanding his Store having stood within four inches of the burned building occupied by Dr. A. Strong and Mr. Isaiah Snyder.

His goods in the hurry were partly moved out of the store, and thought by several to have been much damaged, but

a thorough examination of the same by Messrs. W. H. Foster, Augustus McNish and Jas. Brown, who were called upon to appraise the damage—they in their candid judgement computed the damage to only \$100. This in addition to his Brick Store being insured . . . still enables the subscriber to mention his position in business, having yet on hand a stock worth \$10,000, and in Good Order. He would therefore respectfully invite the public to call and examine his Stock, assuring them that owing to his system of buying and paying for Goods he cannot be undersold by any Merchant in Wayne Co. His stock as usual comprises a general assortment from Silks to Grindstones.

There were other fires in which Captain Murray was not so fortunate

## A Plain, Unfurnished Tale: NOT TO BE DISREGARDED.

For the last year, while unheard of difficulties have existed throughout this State—both credit and business were alike prostrated, E. MURREY has pursued the even tenor of his way, "indefatigable" endeavoring to alleviate those in trouble, and to bring about a more wholesome state of affairs. That he has been eminently successful is obvious—having given to a multitude of his patrons an opportunity to repair the losses of the late unparalleled pressure throughout the country, and he is happy to say that his customers have had substantial cause to congratulate themselves from their correspondence with him. AGAIN

## E. MURREY

Offers for sale a general assortment of

## Dry Goods,

among which are the following articles: Cloths, Cassimers, Buck and Doe skin do, and a general assortment of Broad Cloths, of all descriptions, Satinets, Bevertens, Bangsup Cord, Everlastings of different qualities, Superfine Mohakin and Common do, Also, a choice assortment of French, English and American Prints, of all qualities. He has also an elegant assortment of English and French Merinos, of various colors, together with a general assortment of Curcians, of different prices.

## Groceries.

He has in store a general assortment of Groceries, viz:  
Tea—Imperial, Young Hyson, Hyson Skin and Soucheong.  
Coffee—Java, Portorico, St. Jago, and ground Domingo.  
Sugars—Portorico, St. Croix, N. Orleans and Brazil, white Loaf and Lump.  
Molasses—Sugar House, New Orleans and Trinidad.  
Wines—Madera, old Lisbon Port, Sweet dry Malaga, and sparkling Champagne.  
Spirits—Brandy, Bordeaux, and Highland Glen, N. E. Rum, Rye and old Monongahela whiskey of superior quality.  
Oil—Winter, Fall, Strained, and common.  
Chocolate—Fills and others, Brands and common.  
Spices—Cloves, Nutmegs, Ginger, Pimento, Cinnamon, Mustard and Pepper.  
Drugs—Alum, Cupers, Saltpetre, E. Salts and Glauber, Indigo, Car Wood.

## ALSO,

On hand: manufactured Tobacco, coarse and fine, Cut Cavendish, Ring, Petal and Honey Dew.  
Segars—In boxes and bunches half Spanish and Romanos.  
Fruit—Raisins in box and keg, Almonds, Filberts, Madera and Brazil nuts.  
Provisions—Pork, Butter, Cheese.  
Country Produce exchanged for goods or sold on commission. Country Farmers and others will find it to their advantage to call before purchasing elsewhere, as I will sell Cheap For Cash or Approved Credit.

Just received a lot of first rate BUTTER, which can be recommended to housekeepers.

100 TONS Nova Scotia Plaster for sale, either for Cash or exchanged for approved country produce, by E. MURREY.  
Dec. 20.

25 BARRELS Chest Meat Pork, 15 do one hog. Also, 1000 lbs. Pork in the hog, for sale by E. MURREY.  
Honesdale, Dec. 22.

2000 YARDS Unbleached Sheetings, of different brands 1,000 do Bleached Muslin, 100 do Imported Flannel, of various colors, for sale by E. MURREY.  
Dec. 22, 1855.

## Farmers of Wayne,

If you expect the earth to bring forth (as you say) you must not spare your purse for the small sum of 12 1/2 dollars per ton for GROUND PLASTER, as the subscriber has on hand 30 tons, which he will sell by the bushel, barrel or ton to suit purchasers, on accommodating terms.

E. MURREY.  
Honesdale, April 15, 1859.

The Panic of 1837 did not panic Captain Murray, as his advertising from that period shows

and finally in 1860, when both store and home went up in flames, he loaded his family on a wagon and drove the two and a half miles to his farm on Cherry Ridge. There he built a new store and there, after his death in 1868, one of his three sons, Philip R. Murray, carried on both the farming and merchandising interests of the family.

Under the son's management—and that of Mrs. Margaret Murray, his wife—both farm and store prospered. Dairying, then as today, was the major farm industry in the community, and records of crude but effective butter tests, dating back to 1885, show that the Murrays were even then making a scientific approach to their farm problems.

It was in that year, too, that the family again set up shop in Honesdale, this time with a meager stock of carriages, wagons and sleighs. P. R. Murray posed proudly before that store for his picture on opening day.

"But why didn't you put something besides salt in the window?" demanded Mrs. Murray when her critical eye scanned the proofs.

"Madam," P. R. replied with dignity, "I didn't have anything else."

### Everything for the farm

MORE important than the stock, or lack of it, however, was the policy behind the new store—a policy which succeeding years have proved sound. The farm background of the family acquainted them with their neighbors' needs. P. R.'s idea was to develop a well stocked place of business offering "Everything for the Farm." In old Captain Ed's words, "Honest Merchandise at Fair Prices." Goods which P. R. could stand back of, farm machinery which, once sold, he could service and repair should need arise. Goods bought in large quantity so that the low prices to himself could be passed on to his customers. To quote from his announcement in 1887 of the addition of a hardware department:

We pay no rents, do our own work and by modest prices and small profits, we hope to get a share of public patronage.

The hope was realized in increasing measure. Volume grew slowly but steadily. P. R.'s family was also

growing and in 1895 his eldest son, Bob, then 15, started working in "the store," to be followed in 1900 by P. R. Jr., then 14, and finally by Quintin, the youngest.

By 1907 more floor space was needed than the old store afforded. Plans were drawn but builders' estimates ranged from \$11,500 to \$16,000. The figures were beyond P. R.'s means. Nevertheless he built the new store. He built it, with the aid of local contractors and labor, from the then new concrete blocks, blocks that were made and cured in the basement of the building. The job took eight months, but the four-story structure is still serving Honesdale and P. R.'s sons. Volume climbed more rapidly after that. In 1914 an adjoining building was bought and occupied.

But the years were bringing new problems as well as prosperity. The rural mail carriers were crowding the mail boxes of P. R.'s customers with mail order catalogs and carrying away a growing stream of checks and money orders. People liked the catalogs and catalog prices, P. R. concluded. He also concluded that there was more profit in catering to cus-



Bob Murray's friends came from as far as 45 miles to see the Opening. Young Ed was explaining a new refrigerator



On the second floor a magician-ventriloquist occupied an improvised stage

PHOTOS FOR NATION'S BUSINESS BY HAMMER



tomers' likes than in bewailing them, and that if his neighbors would buy from the catalogs of distant firms they would buy even more readily from a catalog of his. Prices didn't worry him; he knew that, if he could establish his mail order status and volume, he could get discounts comparable to those the manufacturers gave other mail order houses.

So in 1914 young Bob Murray made a trip to Chicago to pick up some information on the mail order business. Somewhat to his surprise, he tells you now, the big house he called on gave him a hearty reception and all the data he required. In 1915 the Murray Company's first catalog, a 40-page booklet, went out over the rural routes of Wayne and adjoining coun-

(Continued on page 118)



# Churches and the "Social Order"

By the REV. MARION D. SHUTTER, D. D.

Pastor, Church of the Redeemer (First Universalist), Minneapolis, Minn.

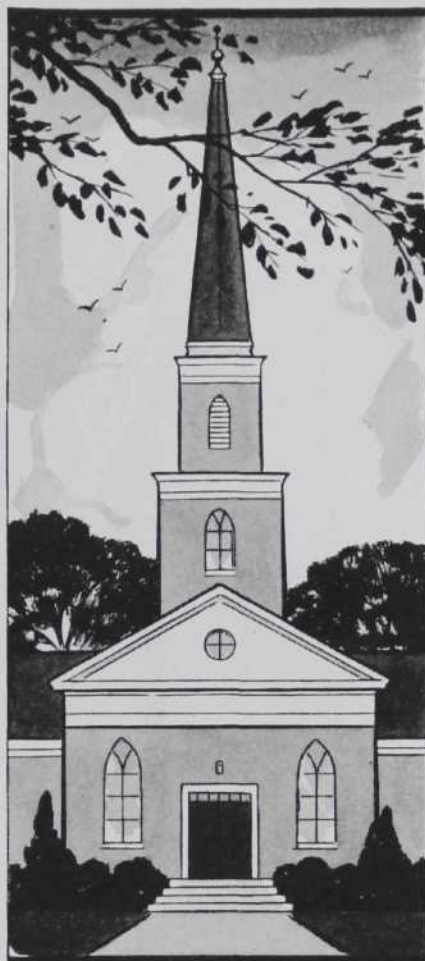
A CLERGYMAN warns against the spirit of the times which voices itself in the demand for something that will replace the "capitalistic system" and suggests some of the dangers the church might face if a new system were actually found

THE complaint used to be made that churches spent all their time and effort on the future while they neglected the present world. There have been times, perhaps, when such charges have been justified. It would be nearer the truth today, however, to say that the churches are now ignoring the future to emphasize the present. Heaven and hell cut no such figure as once they did. Even the stress laid upon the inward change of heart has diminished, while it increases upon the physical surroundings. The attempts, often originated, always fostered, by the Federal Council of Churches, to outline—if not to dictate—national policies show the swing of the pendulum.

Indeed, if we preach today upon personal religion, we are likely to be met with some such comment as this:

"O, that's all right! but you will not get anywhere, until people have more to eat and better clothes to wear and better houses to live in; and these things you cannot get under the present social order!"

So that the old admonition of the Gospel is reversed. Instead of "Seek ye first the Kingdom of God and His righteousness; and all these things shall be added unto you," we now read, "Seek ye first what ye shall eat and drink and wherewithal ye shall be clothed, and the Kingdom of God and His righteousness will then be added unto you." The new route to the kingdom of heaven lies through



The new route to the Kingdom of Heaven seems to lie through economics



economics.

The spirit of the times in the church voices itself in the demand for a "new social order," a "Christian social order," something that will replace the "capitalistic system," as it is called, and spread justice and love and financial security for all, around the circumference of the globe.

Why is a New Order demanded? We are told today by men high in church and in state that the social organization which we have developed from the beginning of our history is "outworn" and must be "abandoned." It has "failed." We have

come to the "end of an era." The American system is in ruins, and upon those ruins a new structure must be built.

First of all, then, let us see what it is that is doomed or dead. What is it that calls for replacement? Under the freedom of our institutions has grown up an economic system—if it has attained the dignity of a system—certain factors of which are private property, individual initiative, competitive production and distribution from which profits may be realized, the payment of wages based upon ability and services, and the saving of earnings for investment. This is a general description of what is called "capitalism," or "The American System."

On the part of the churches, this system is held to be unchristian because, first, it makes profit the controlling motive of human effort; second, it puts the money interest above the human interest; and third, it is unjust and inhuman in its distribution of the burdens and benefits of economic effort.

But we venture to say, in passing, that it has less of injustice than any other system that has ever existed or that exists today. A glance at Europe should be convincing. In addition to these reasons, the Congregationalists, in their national convention at Oberlin, in the summer of 1934, declared that the capitalist system is the cause of "international and industrial war, unemployment, insecurity, starvation and misery." Another religious convention resolved that the "Kingdom of God is not compatible with the continuance of the capitalistic system," and that "the

Church should uncover fearlessly the anti-social and unchristian basis of that system and declare unremitting war upon it."

And the Congregationalists at Oberlin did declare war and pledged the denomination to work "for the abolition of the profit system and for a planned social economy." Others are

(Continued on page 99)





# Government Can Reduce

By EDWARD J. KELLY

Mayor of Chicago

As told to MARGUERITE HENRY

THE experience of Chicago proves Government need not be extravagant and that, even when conditions seem hopeless, much can be done if sound economy replaces political ballyhoo

**T**HREE years ago Mayor Anton J. Cermak and I left Chicago for a holiday. At the request of President-elect Roosevelt, Mr. Cermak was to stop in Miami. I was going on to Havana. We planned to meet in Miami and return home together. It was the first vacation for either of us in a long time and we looked forward to it as enthusiastically as a couple of school boys.

One especially tropical morning, after we had separated, I was walking through the narrow streets admiring the quaint open-front curio shops, breathing in the utter foreign-ness of Havana. Amidst these pleasant holiday reflections, I passed a newsstand and saw the headlines:

CERMAK SHOT—WOUND GRAVE  
BULLETS NARROWLY MISS ROOSEVELT



WIDE WORLD PHOTOS

Above, unpaid school teachers parading. Left, the period of payless pay days ends as teachers get their checks



Two hours later, as I was flying to Cermak's bedside, I wondered who, (if Cermak died) would pull Chicago out of the bog? Who would take his place? For that matter, who would want to take such a responsibility? Not for a moment did I think I would be considered.

I remained with Mayor Cermak until he passed away, and when the cortege reached Chicago, several leaders urged me even then to become his successor. Under the circumstances, I was reluctant about discussing the matter—but Chicago's situation was still desperate.

My reply to all was the same:



# Expenses



WIDE WORLD PHOTOS

"They asked me to fill in as Cermak's successor. I've filled in ever since"



Last year, 88.9 per cent of traffic law violators paid their fines. Only 33 per cent paid in 1934

"I have seen enough of public life. Cermak was my friend. Here's what he paid for it. It's not worth it."

And then one night they got me into a caucus. "We're up against it," they said. "We need help. At least you'll fill in until we get someone, won't you?"

I have been filling in ever since.

Picture, if you can, the situation:

Chicago was broke. Its total funded indebtedness, \$136,147,400. Interest alone would total \$2,800,000 by July. City bonds were selling below par and bidding was sluggish. School teachers had not been paid in ten months. The city owed them \$43,500,000. Firemen, policemen, and other civic employees had not been paid in five and one-half months. The city owed them \$17,500,000. More than \$60,000,000 in unpaid salaries!

## A municipal bedlam

STREET CARS were crowded with wild-eyed teachers screaming to passers-by. The Loop was cluttered with unorganized parades. Bitter placards. Unemployed marching on the City Hall, storming banks, heckling the city council and school board. Twenty-thousand high school youngsters staging demonstrations. All these were common sights.

How could money be raised? Certainly our borrowing power had been drained. What about taxes? Well, for years, the tax situation had been tossed from one person to another.

It dated back to 1928 when all property in Cook County

was ordered reassessed. This reassessment was not completed at the end of the year and assessors were placing such exorbitant values on property that the order was thrown out. The second reassessment took two years. Thus for three years the tax situation was in confusion. In fact, for 26 months the city did not receive a dollar from taxes! Without

the miscellaneous revenue from licenses and borrowed money from the traction fund, it would have had no revenue whatever.

Today, when the county collects taxes, the city immediately receives its share. But in those days, the county treasurer would hold the few dollars in back taxes which did come in.

Of the \$217,863,500 in taxes levied for Cook County in 1932, 56.5 per cent was delinquent when I took office (the delinquency elsewhere in the state was only 11 per cent). This was due, not only to the tangle of reassessment, but also to the delay in collection. After taxes were levied, collection did not start for eight months; six more months passed before they became delinquent, and another eight months before the last installment was declared in arrears.

Meanwhile newspapers were reporting how John Sharp, as the result of a lawsuit, had obtained a waiver of interest accruals. This fiasco was permitted by the amendment to the revenue act which provided for a 50 per cent waiver of interest accruals when the validity of any tax was contested in good faith. If John Sharp could get a deduction, why couldn't his friends? Protests multiplied.

They were stimulated by organizations known as "tax-payers associations" which gathered disgruntled property owners into their membership and then openly advised against paying taxes. Thus the tax strike was on.

Chaos was general. City government a farce. Service to the city had sunk to its lowest level in history. Streets



were unkempt. And to make the picture complete, the banks would advance nothing on tax anticipation warrants signed by an acting mayor.

### Putting finances in order

FORTUNATELY I had a united city council. Together, in the months that followed, we built up a sinking fund of more than \$10,000,000 to pay interest and retire bonds. We slashed the administrative budget \$6,000,000, the bonded debt, \$13,310,000; redeemed \$95,000,000 worth of tax anticipation warrants; reduced corporate appropriations from \$63,315,000 in 1930 to \$45,155,000 in 1935; reduced taxes for corporate purposes from \$51,961,000 in 1930 to \$36,000,000 in 1935; paid \$9,000,000 on old obligations; called in more than \$17,000,000 in par value bonds with interest rates from four to five and one-half per cent and refunded them with a like amount at three and one-half per cent, the lowest rate on any bonds since 1899 (in addition, they were sold at a premium of \$437,686); bought \$24,250,000 worth of par value 1935 corporate tax anticipation warrants to save \$177,000 in interest; sold bonds purchased at par and held as an investment of the city's aggregate of funds at a premium of \$24,465.

In short, we restored Chicago's credit and balanced her budget. We are now able to borrow at reasonable rates. Demand for the city's securities is growing; we have collected 90 per cent of the back taxes from 1928; and only 20,000 tax assessment protests are before the county judge as against 80,000 in 1933. School teachers, firemen, and policemen are being paid regularly.

How all this came about is an exciting story of civic housecleaning.

I remember one day when the Mayor's office was filled with white-faced, tight-lipped bankers adamant in their decision against lending the city another dollar. Meanwhile we could hear an angry mob of teachers storming the City Hall. We were getting nowhere. Rumbblings in the outer office were increasing.

And then I began thinking aloud.

"I think we will get some money," I said quietly. "Chicago can't fail and the country live. We can't sell a \$5,000,000,000 corporation short. Our taxes are going to be paid. If Chicago fails there will be no Chicago banks."

Gradually the tensy relaxed, and the white-haired

spokesman of the group suggested lending a sum sufficient to pay two months' back salaries to the teachers.

With this loan, we realized that something had to be done to justify the bankers' confidence in us. We knew also that, to get anything done, there had to be complete unity among ourselves. From my experience as a civil engineer, I learned three things about handling men:

1. If you believe in a man enough to assign him a particular job, believe in him enough not to interfere with his method of execution.
2. Judge a man, not by his oratory, but by his results.
3. The average civic employee is as honest as the managing body.

The Council is made up of both Democrats and Republicans, and hence the fact that it has not been necessary to veto a single ordinance since we have been in office is a tribute to the cooperation and intelligence of these men. Where I could not conscientiously approve an ordinance, I suggested that the alderman who proposed it reconsider and revise it himself, thereby not embarrassing him in his community or before his subordinates.

The confidence of the bankers in the City of Chicago was greatly restored by taking finances out of politics. A well known banker was appointed city comptroller and given full authority. It is significant that he had never held public office before.

Our next move was getting ourselves to think in terms of municipal solvency—not to appropriate money that we did not have or were not sure of getting. In other words, we proposed to live within our income. To do this, we blueprinted a consistent long-time program.

We began by slashing the administrative budget \$6,000,000. When the bankers realized that we were building for municipal solvency and not for political ballyhoo they began buying our tax warrants.

In the collection of license revenues, politics was also filtered out. Before, there were 200 inspectors; now we have 68. Yet the reduced force collected \$7,500,000 in 1935, a \$2,000,000 increase over 1934 and a \$1,000,000 increase over 1933! A conscientious judge, determined to abolish the old practice of "fixing," helped to bring this about.

In the past two years the state legislature has passed 52 bills applying to Chicago alone. I sat on the Speaker's platform in Springfield day after day. One of the first emergency measures to pass both houses was the

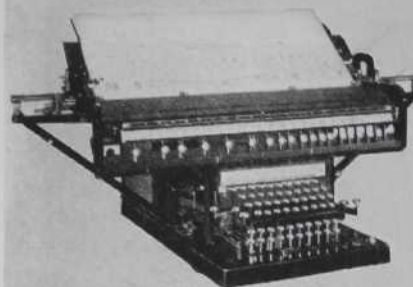
*(Continued on page 108)*



When prohibition ended rum running, racketeers turned to bootlegging milk. The farmers could not meet their prices and the milk war was on



# Burroughs



## BURROUGHS TYPEWRITER ACCOUNTING MACHINE

Writes check (or pay envelope), earnings record, employee's statement and payroll summary in one operation. Column selection automatically controlled. All totals accumulated. This machine is only one of several models; payroll work is only one of the many jobs they do.

**SIMPLIFIES  
PAYROLL ACCOUNTING**  
*and gives you the additional  
information required by the*  
**SOCIAL SECURITY  
ACT**



## BURROUGHS DESK BOOKKEEPING MACHINE

Posts earnings records, automatically prints dates in proper columns, automatically subtracts deductions—calculates net pay. Can also be used as a fast, practical adding-subtracting machine for all kinds of accounting work. Many styles and many models—all low in price.

**B**URROUGHS offers many new and improved machines which not only supply the additional payroll information required by the Social Security Act, but also handle the entire payroll job with exceptional speed, ease and economy. It will pay you to investigate these new machines. Telephone the local Burroughs office, or send for the new payroll folder described in the coupon below.



## BURROUGHS CHECK-WRITING TYPEWRITER

Writes payroll checks in units or in strips. Payroll summary completed in same operation. Fast and easy insertion and removal of checks. Can also be used as a typewriter for correspondence and general typing. Electric carriage operation. Several models.



## BURROUGHS AUTOMATIC PAYROLL MACHINE

Writes check (or pay envelope), employee's earnings statement, earnings record and payroll summary in one operation. Accumulates all necessary totals, automatically ejects and stacks checks in order. Many models for payroll work, as well as for scores of other accounting jobs.



## SEND FOR THIS NEW PAYROLL FOLDER!

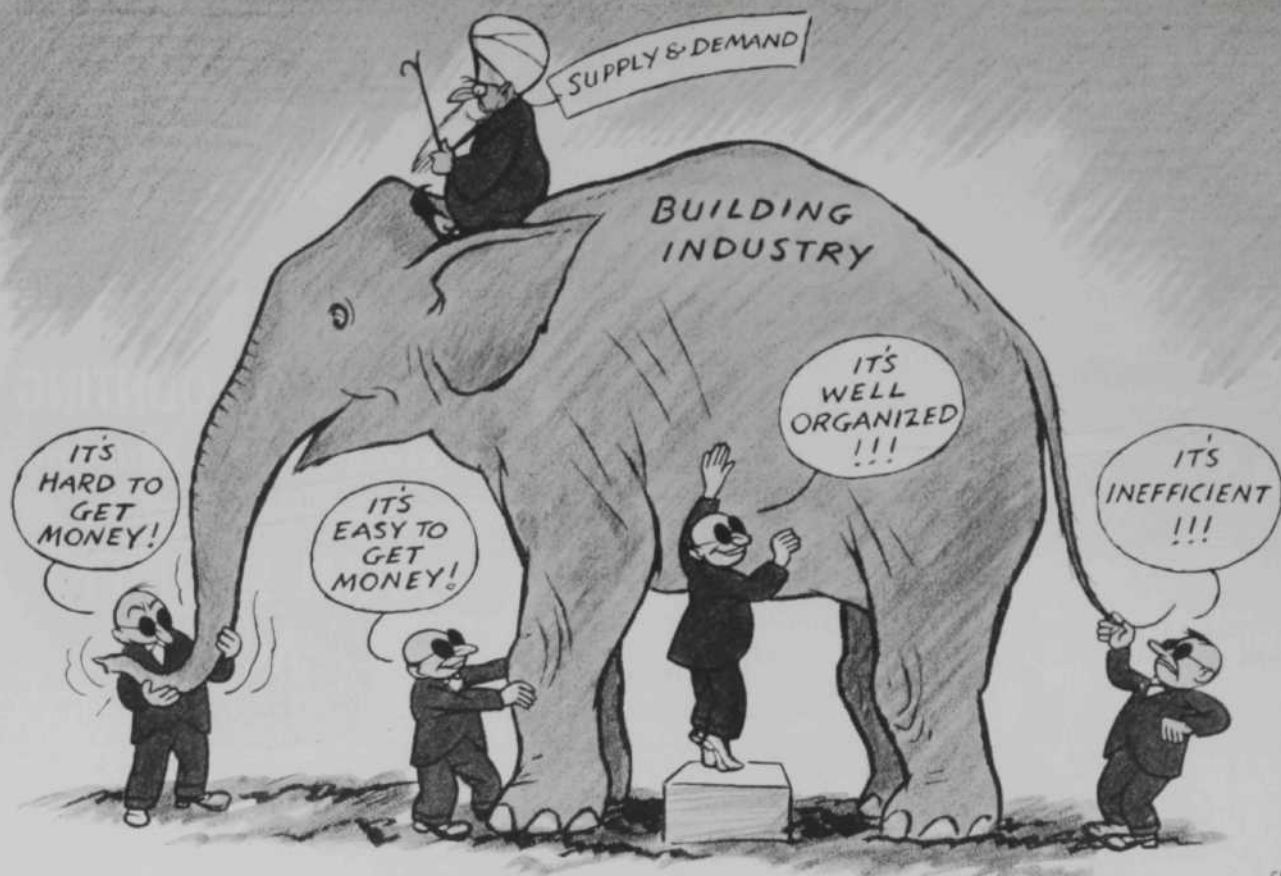
BURROUGHS ADDING MACHINE COMPANY, 6126 SECOND BLVD., DETROIT, MICH.

Send me the new folder "Modern Payroll Methods," illustrating complete payroll accounting methods, with typical forms for maintaining the information required by the Social Security Act. The forms show representative entries and suitable column headings.

Name \_\_\_\_\_

Address \_\_\_\_\_





CHARLES DUNN

Not even government experts have sufficient vision to see the building industry as a whole

# Dollars for Dwellings

By FELIX BRUNER

Of the Washington Post

**I**F you are a banker, or a savings and loan official, or a home builder, you are perfectly familiar with a question that goes something like this:

"Would you advise me to borrow some of that five per cent, 20-year money from the Government and build a house now, or do you think I should wait until Congress passes the new housing law?"

With the idea of trying to find out just what the reaction has been to the various government housing activities, and to the mighty ballyhoo that has accompanied them, the writer has been talking to bankers, savings and loan officials, builders, government housing officials, and housing experts, both professional and amateur.

What follows is a composite report

**WHAT** changes are likely in the Government's housing program? Mr. Bruner asked this question of bankers, savings and loan officials and government experts. The consensus of their opinions appears in this article together with helpful information for those who plan to build homes or to finance the building of homes

of the impressions thus obtained.

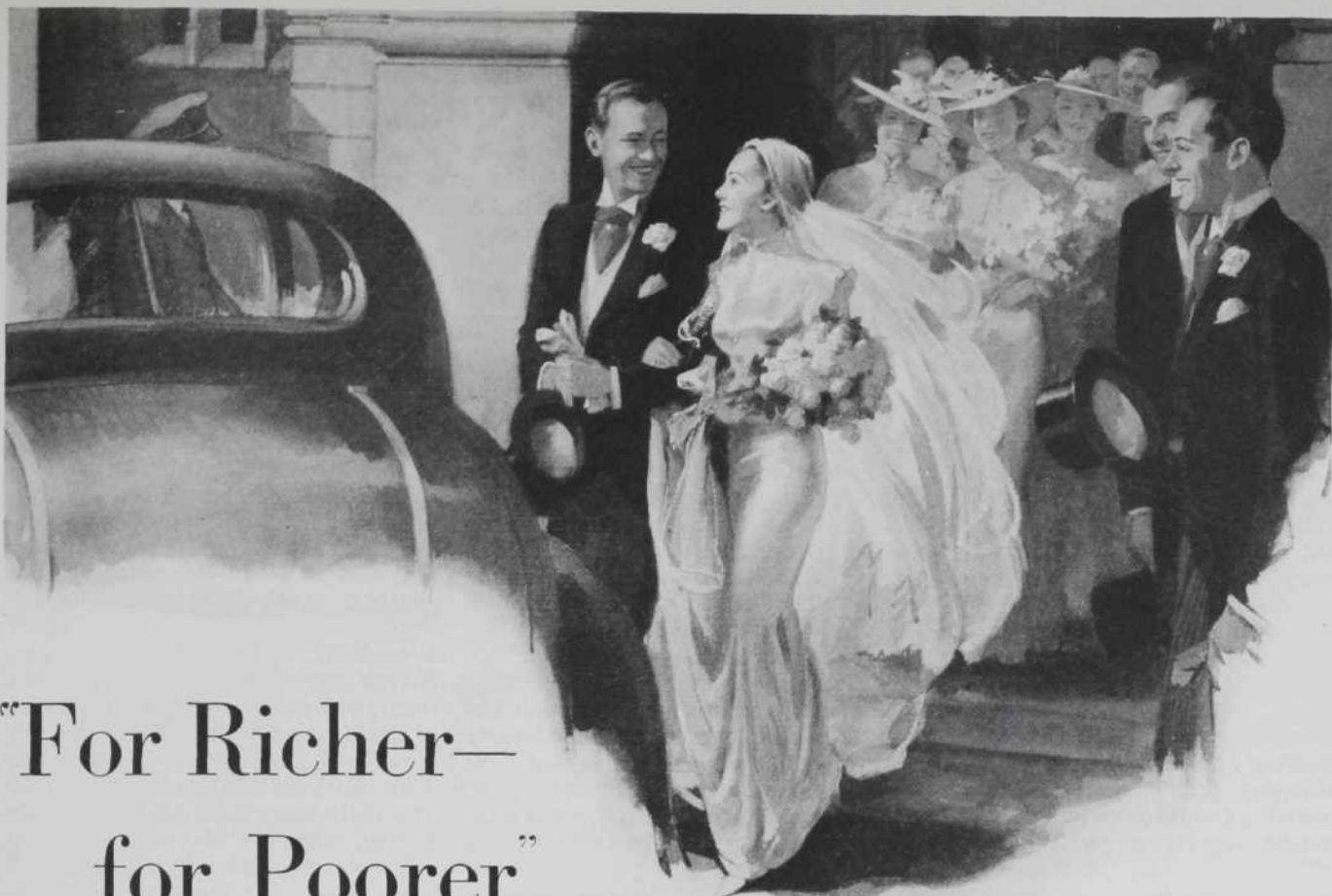
Not in years—perhaps never—have so many people been thinking about building and owning homes. There are several reasons, including the real shortage of houses, the easing of the money market, and the something-for-nothing spirit invoked by New Deal spending and promising.

The question just quoted has been asked thousands of times in all seriousness. Any one having to do with financing home building will verify that statement. It does little good to explain that the Government is not lending money, that little five per cent money is available—certainly not for 20-year, 80 per cent insured mortgages—and that, under any circumstances, sound credit and at least a fairly substantial amount

of cash in hand still are necessary to finance the building of a house.

It is hard to blame the average person for being confused. The government housing program is confusing even to those most closely engaged in it. Certainly there has been no agreement among them as to where they should go from here. The result





## "For Richer— for Poorer"

YOU will always remember the words of the wedding service, the flowers, the congratulations. Of course, you hope that in your married life there will be the least possible worry about money matters. You will probably be much happier when you can answer the question you are bound to ask yourself—"What would happen to my wife, if . . . ?"

There is a way to make sure that the brides of this year, last year and other years will be protected, should the breadwinner be taken away. An assured monthly income can be provided for a term of years, with a definite amount payable at the end of the period.

Would \$100 a month for ten years, with \$10,000 at the end of that time be enough for your wife's needs? Protection can be arranged in larger or smaller amounts, suited to your budget. Make your program

of protection flexible so that in the future it can be increased, or changed, to suit your circumstances.

A Metropolitan Field-Man will be glad to give you all particulars regarding the Family Protection Plan Policy. Telephone the nearest Metropolitan office and ask him to call—or mail the coupon.

*The Metropolitan issues life insurance in the usual standard forms, individual and group, in large and small amounts. It also issues annuities and accident and health policies.*

*The Metropolitan is a mutual organization. Its assets are held for the benefit of its policyholders, and any divisible surplus is returned to its policyholders in the form of dividends.*



Metropolitan Life Insurance Co.,  
1 Madison Ave., New York, N. Y.

Without placing myself under any obligation, I would like to have information regarding the Family Protection Plan Policy.

NAME \_\_\_\_\_  
ADDRESS \_\_\_\_\_  
CITY \_\_\_\_\_ STATE \_\_\_\_\_

66-N

# METROPOLITAN LIFE INSURANCE COMPANY

Frederick H. Ecker, President

One Madison Avenue, New York, N. Y.

©1936 M. L. I. CO.



is an increasing indication that they will go nowhere in particular, that there will be no substantial change in present laws governing the Federal Housing Administration and other government housing activities.

Builders and lenders interviewed, most of them in Washington where they have an intimate view of the government operations, generally believe that this is as it should be. The one thing that is tending to retard a rapid increase in home building is uncertainty. Prospective home owners are inclined to hold back to see whether the Government intends to give them even a better break than it already has given them, and even whether there isn't a possibility that, if they wait long enough, provision will be made to present a house to every family along with \$200 a month for each of the old folks.

There appears to be almost general agreement that federal housing activities, as they concern privately-owned homes, have accomplished beneficial results in stimulating building and in solving some of the mortgage problems through the refinancing and insuring of loans. There undoubtedly is a growing feeling,

however, that, now that a start has been made, the Government should play a smaller and smaller part, allowing the building business to proceed under its own power.

"We are moving into an extremely active mortgage market and into a period of heavy building activities," an official of a national organization of lending institutions said. "But I am convinced that we are going back to traditional lending practices."

This official feels that less and less emphasis will be placed on insured loans, and pointed out that only a comparatively small percentage of the loans now being made for new construction are insured under the FHA plan. Lenders, he said, are not inclined to make 20-year loans on high percentages of appraised values, even if the loans are insured, unless the quality of the property involved and the character of the owner are particularly high.

Recovery is taking place in home financing and home construction and in the reemployment of labor largely through the same agencies that have played a predominant part in the past. They include the life insurance companies, savings banks, savings and

loan associations and, to some extent, private lenders. Liquidity of mortgages is not paramount to organizations of this type; income is their major objective. Therefore, federal mortgage insurance is not a particularly important element.

### Private loans may be cheaper

THESE agencies can make uninsured loans at lower interest rates to the borrower than the rates on insured loans and still reap a somewhat larger margin of profit. Insured loans cost the borrower a fraction more than 6.3 per cent. The FHA never has attempted to disguise this fact. Nevertheless, it has not been given a prominent part in the ballyhoo campaign. The fact that the basic rate is five per cent has led to public confusion concerning "cheap Government loans." But to this basic rate must be added a one-half of one per cent service charge and a one-half of one per cent insurance charge on the face value of the loan, regardless of how much it is reduced over a period of years. For a 20-year loan this figures a total cost of a little more than 6.3 per cent. Of course, there are no renewal fees or second mortgage complications.

Evidence that national and state banks, and not the lending agencies which normally do the bulk of home financing, are the ones which are taking advantage of the Federal loan insurance plan is to be found in the annual report of the FHA. The report shows that \$60,248,256 in new construction mortgages were accepted for insurance in 1935. Of this amount, national banks agreed to lend \$24,762,033; state banks and trust companies, \$17,330,201, and savings and loan associations \$10,663,941. The remainder was lent by insurance companies, mortgage companies, savings banks and "all others."

Compare these figures with the estimate of the United States Building and Loan League that savings and loan associations are now lending some \$15,000,000 *per month* on new home construction mortgages. On the other hand, it is estimated that most of the home mortgage business done by national banks is done on a government insured basis.

The home mortgage field is a new one for most commercial banks and they are inclined to move cautiously. Under the banking act of 1935, national banks are permitted to place 60 per cent of time deposits in real estate loans of prescribed character.

In a recent discussion of mortgage lending by commercial banks, J. H. Riddle, economist of the Bankers Trust Company of New York, pointed out that banks with surplus funds

(Continued on page 132)



## The American Guide

HEADQUARTERS of the American Guide, or the Writers Project of the Works Progress Administration, is as badly cramped for office space as is the rest of official Washington these days. The city room, as those comparing this project with a newspaper call it, is located in the ballroom of a mansion now leased to the Government. The fireplace not only furnishes a convenient space for files, but also gives an idea of the ornateness and size of the room.

The Guide, when completed, will embrace the entire United States and will

treat scientific, historic, scenic, folklore, and commercial subjects.

WPA has 5800 paid workers compiling the American Guide, a five-volume travel handbook, according to an announcement of Henry G. Alsberg, director of the Federal Writers Project. In addition more than 10,000 volunteer advisers and workers are assisting in the work.

The volunteer workers include state governors, and other officials, college faculties, railroad and other transportation officials, and chambers of commerce and other local organizations.



# *Principles of American Enterprise*

## A SUPPLEMENT

Carrying a Report of the U. S. Chamber's  
24th Annual Meeting



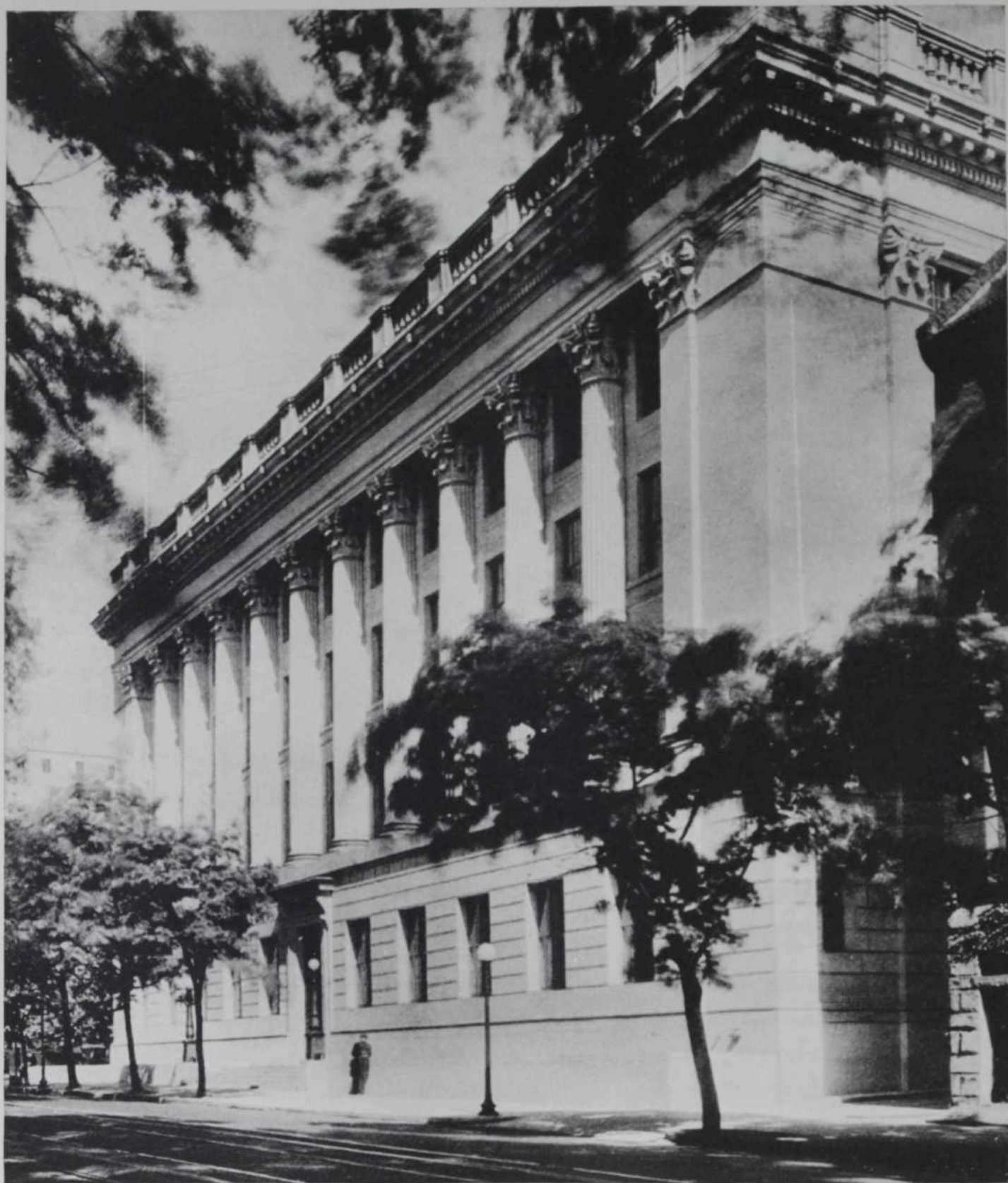
ONCE A YEAR business leaders from all parts of the country and from abroad gather in Washington at the Annual Meeting of the Chamber of Commerce of the United States.

The discussions this year were so pertinent and timely that Nation's Business is presenting them in this special Supplement.

This is not a photographic reproduction of the annual meeting. It is not a text book of economics. It is not a business man's guide to larger profits. It is merely an expression of the opinions and observations of the 2,000 business leaders gathered to pool their experience and knowledge for the common good of each other and of the public.

In it are recorded the trends of modern business thought. Sometimes these trends are interpreted, frequently they are not; but always there is an invitation for the individual to study them and draw his own conclusions.





THE HOME of organized business where, not only one week out of the year in annual meeting, but also day by day, work goes on in an effort to remove the obstacles, tangible and intangible, which prevent full and free exchange of goods, services and labor.



# A Chart for National Progress

By WARREN BISHOP  
Of the Staff of Nation's Business

**W**HAT CAME out of the annual meeting of the United States Chamber of Commerce held recently in Washington? If I were to try to define the result in a single word it would be "crystallization." Business which in 1933 was hesitant to criticize the "New Deal" which it hardly understood and little of which was in effect, which changed in '34 and '35 to franker, even sharp, criticism, has now reached the point where it feels definitely what is good and what is bad in recent legislation.

Here is an outstanding declaration of its resolutions of 1936:

The true function of Government is to maintain equality of opportunity for all, to preserve the sanctity of contracts, and to assume those collective activities which society must conduct as a whole. When Government attempts . . . to impose upon business rules of conduct pertaining to such matters as wages, hours, conditions and terms of employment, or other restrictive measures interfering with the free play of economic forces, it retards both the material and spiritual progress of the nation.

The addresses and the resolutions were often critical of the Administration, at times showed a desire for cooperation, but rarely, if ever, was there a note of bitterness. The 2,000 delegates cheered heartily when Fitzgerald Hall, President of the Nashville, Chattanooga and St. Louis Railway, bluntly paid his respects to the detractors of American industry.

American business has always had to concern itself with legislation but never so much as in the last three years. Take some recent enactments:

The National Labor Relations Board which strengthens the Government's authority over the relations between worker and employer.

The National Bituminous Coal Commission (Guffey Act) which enforces a code for soft coal with many of the features of the National Recovery Administration.



Harper Sibley, reelected Chamber president

**BUSINESS** feels definitely what is good and bad in recent legislation. It believes that there must be co-operation between economic and political forces if social progress is to continue. Defining the boundaries of each was part of the business of the meeting

The Tennessee Valley Authority with its tremendous invasion by the Government of the utilities industry.

The list could be greatly extended: Resettlement, Rural Electrification, Social Security, Anti-Chain store legislation. All of these and others affect every man's business, affect him in his opportunities of making a living. That's why I say that business talked politics at this meeting. Some of the talk was commendatory, most of it was critical, but it is fair to say that little of the criticism was bitter.

What topics loomed uppermost in the delegates' minds? What action did the Chamber take as to them?

The answers to the first question might run something in this order:

*Unemployment* (and of course reemployment)

*Taxation* (the pending bill in particular and government finances in general)

*Restriction on Distribution* (the Robinson-Patman and Healey bills are cases in point)

Unemployment was in the air as the delegates began to gather, for John W. O'Leary, president of the Machinery Institute and a former president of the Chamber, urged the Board of Directors at their first meeting to act in reply to the President's suggestion in his Baltimore speech of April 13 that industry could and should employ more men. In that talk Mr. Roosevelt said:

While the total production of America is about back to the





Delegates from all sections and all industries register for the sessions

high point before the depression, only a little more than 80 per cent as many human beings are engaged in turning out that production.

Mr. O'Leary brought the employment question before the Board, saying:

One of the most important requisites of an intelligent approach to unemployment problems is knowledge of the specific places where employment has declined and where it can be increased. What we need is a broad national survey of re-employment possibilities. Business and industry, through chambers of commerce, trade associations and individual merchants, stores, services, professions throughout the country can determine our reemployment possibilities with a degree of accuracy which cannot be equalled in any other way. We should proceed to piece together the many threads of information and then make available to all a concentrated exhaustive knowledge of reemployment possibilities.

We all know that no individual or group caused the present unemployment; nor is anyone desiring that it should continue. Every individual knows that his own welfare is bound up with the welfare of the entire nation. Most of our problems could be solved much easier and more intelligently if each of us recognized that the other feels the same way about it. It is useless to blame any one or any group for unemployment, or to expect to force reemployment. We must understand each other and our problems and cooperate in achieving reemployment.

### To study employment possibilities

AS a result, the Board of Directors of the Chamber authorized appointment of a special committee to survey the possibilities of re-employment with a view to determining what measures can be taken to absorb reemployables now without jobs.

That action of the Directors was supplemented by the meeting itself. On the last day this resolution was adopted.

With cordial approval, the annual meeting has learned of the action of the Board of Directors of the Chamber in providing for the appointment of a special committee to survey the possibilities of reemployment by private enterprise. We urge cooperation of commercial organizations, manufacturers' associations, trade associations, and all governmental agencies, to the end that the efforts of the special committee may be expedited and made complete.

The President's assertion that employment had lagged

behind production was not allowed to go unchallenged. At the group luncheon devoted to industrial relations, William L. Sweet, Treasurer of the Rumford Chemical Works, took up the gauntlet. Said he:

It is not true, as has recently been asserted, that industrial production has virtually been restored to the 1929 level while employment still lags far behind. Official government statistics provide incontrovertible evidence to the contrary. It is a fact that from 1930 to 1932 when manufacturing production was declining rapidly, the level of employment, relative to 1929, remained substantially above that of production. Thus in 1932 when production had fallen to 53 per cent of the 1929 volume, employment was



William Butterworth, former president, greets Charles P. Hall and Charles Haller of Bloomington, Ill.



Benjamin F. Affleck, Chicago (left), and J. G. Bergquist, New York, attack economic questions and luncheon together

ALL PHOTOS FOR NATION'S BUSINESS BY HAMMER

sustained at 61 per cent of the 1929 level. With the increases in production in each successive year since 1932, employment has advanced substantially and our latest figures show that both production and employment are now being maintained in virtually the same relation as prevailed in 1929.

To sustain employment at such relatively high levels, despite the decline both in output and in dollar volume of sales, necessitated tremendous disbursements from corporate reserves. Manufacturing employers, for example, during five years of depression provided the most desirable form of social security, work and wages, for an excess force averaging more than 1,000,000 employees and at a cost of more than \$1,000,000,000 annually. It cannot be denied that, in the single field of manufacturing, our industrial corporations, acting on their own initiative and without compulsion from any source, have depleted their capital resources by more than \$9,000,000,000 for



the prime purpose of sustaining employment, both directly through the maintenance of a surplus working force, and through dividend disbursements which had the effect of enlarging consumers' purchasing power.

The employers of this country have done a good job in the period of the depression in using up part of the surpluses to keep men at work. They will continue to do all they can. All they ask is that their efforts should not be misrepresented. Calling names or distorting facts will not put a single unemployed worker back in gainful employment. Only through cooperative action and mutual understanding of all the elements making up our economic and political life can we hope to resolve the perplexing unemployment problem.

Another speaker on the employment problem was the Secretary of Commerce. Secretary Roper said that there had been a real gain in reemployment and put the number employed in the first quarter of 1936 at 4,500,000 more than in the same quarter of 1933. He submitted a ten point program to be launched by business, with government cooperation, looking to solution of the unemployment problem.

If Mr. O'Leary's strategic move served to stir interest at the beginning of the meeting, no less did the action of the Congress make the Chamber's discussion of, and resolution on, taxation pertinent as the meeting ended.

There was no round table discussion of federal finances and taxation. Instead a large part of the general meeting on Wednesday was devoted to those subjects. The chronology is interesting:

*Wednesday morning*—Speaking in the Council Hall of the National Chamber, Fred H. Clausen, chairman of the Chamber's Committee on Federal Finance, said the country was in a period of "the largest expenditures, the largest revenues and the largest deficits in peace-time history" and said the pending tax bill "would so retard recovery and reem-

ployment that, were its contents and probable results understood, public opinion would tolerate no further consideration of such a measure."

*Wednesday afternoon*—The House passed the tax bill.

*Thursday*—The Chamber adopted a resolution saying:

The first step should be reduction of expenditures both by Congress and by the Executive.

There should be an accompanying system of federal taxation that will have as its purpose the provision of revenues adequate to meet these expenditures through taxes that are equitably distributed and that do not by encroachments threaten the revenues of states and local governments.

The bill now pending in Congress is not a measure of this kind. There would not be the revenues which have been indicated. The chief features are not designed as means of taxation but are attempts to regulate the management of American corporations at a time when, in the interests of recovery and reemployment, business enterprise should be free from arbitrary impositions.

*Thursday*—The Secretary of the Treasury told the Senate Finance Committee that more money must be raised by taxation and that the nation faced a deficit for the year ended June 30 of six billions.

A third thing listed as disturbing American business is the series of measures that try to regulate distribution. Outstanding—because most in the public eye—is the Robinson-Patman bill which the chain stores and the mass distributors fear since it is aimed at price discrimination in favor of quantity buyers. The meeting

L. A. Taylor, Geneva, N. Y., lunches informally with C. N. Harris and J. R. Pratt, both of Minnesota



Chamber leaders entertain delegates and guests at a reception

FOR NATION'S BUSINESS BY HAMMER





tackled this question at a round table luncheon pleasantly presided over by Silas Strawn, Chicago lawyer, with a direct interest in these questions since he has acted as Chairman of the Board of Montgomery Ward. He pleaded for freedom of business.

Gilbert Montague, lawyer also, but from New York, talked in more detail of these bills as did Dr. Copeland, Professor of Marketing at the Harvard Business School and President Joseph H. Young of Lehigh Portland Cement.

The discussions, the study and research by committees and departments of the Chamber took shape in a final resolution which read:

Economical distribution of the products of industry and agriculture is one of the chief problems facing business. Questions of what are fair prices and what are the most effective methods of distribution are matters of concern to all of those engaged in production and distribution, and to the public which buys the products offered for sale. . . .

There is before this meeting a committee report dealing with distribution problems. This report is most timely in directing attention to the complexity of such problems, and to the far-reaching effects of various business practices upon distribution processes. Its constructive suggestions should be helpful to business men and their organizations.

Further study of these questions will be afforded through appointment of a

special committee, as recently authorized by the Board of Directors, to examine various proposals dealing with price differentials, basing points, and related matters which would affect prices and methods of competition in distribution. We commend this action and urge the cooperation of all Chamber members toward aiding the committee in its inquiry.

In other words, let's go slow. Weasel words? Ducking the question? No, that's not fair. The truth is that the Chamber is divided on these questions. There are members, both organization and individual, who believe that mass distribution should be controlled. The Chamber can't decide until its membership is back of it.

It is interesting that, on the day this resolution was adopted, the Robinson-Patman bill was passed by the Senate after another measure, the Van Nuys-Borah bill, was tacked on as an amendment and a dozen other hasty alterations were made.

I have cited these three instances of the discussion and the action of this Annual Meeting not because they were the only ones of importance, but because they were much in the public mind and because they serve to show how timely is business action once it is convinced on public affairs.

There are, however, two more questions that may fairly be asked and answered: What business is it of busi-

ness to deal with Government? Why not let the people decide?

One answer is that business is the people. The other answer is that business has to pay the bills.

And in support of the answer I submit one short extract from Mr. Montague's address:

This NRA structure cost the Government more than \$20,000,000, but its cost to industry was more than \$70,000,000 in Code Authority expenditures, and at least \$70,000,000 more in legal, accounting and clerical expenses for formulating these codes and for traveling and hotel expenses attending code meetings and code hearings, and probably a half-billion dollars more in the time of company executives occupied on code meetings, and perhaps another quarter-billion dollars in time and expenses of executives and their staffs and professional advisers in improvising new business policies to supersede those which collapsed in the debacle of NRA.

Those are impressive figures, but American business is not primarily concerned with the cost of Government. It knows that the cost is passed on to the worker and the consumer. The employer of today is as interested in social security as is any man in the Congress; he knows that high wages and lowered costs are for the good of every one.

"Group selfishness" may be a good phrase but it doesn't fit American business.

## Rewarding Trade Association Efforts

THE Award of Merit for distinctive achievement in trade association service was presented to the National Machine Tool Builders Association by Hon. Daniel C. Roper, Secretary of Commerce and Chairman of the Jury of Award at the Mid-year Dinner Meeting of the American Trade Association Executives.

The Jury of Award, besides Mr. Roper, included Walter Dill Scott, President of Northwestern University; Merle Thorpe, Editor, NATION'S BUSINESS; Thomas J. Watson, President, International Business Machines Corporation; and Arthur D. Whiteside, President, Dun and Bradstreet, Inc.

The function of the Jury was to determine the association which had done the most in the past three years "to formulate, promote and interpret to business, to the public and to the government" its work.

Certificates of Honor were given to the following seven associations:

American Dry Milk Institute  
American Institute of Steel Construction  
Automobile Manufacturers Association  
National Fertilizer Association  
National Retail Dry Goods Association  
Tanners' Council of America

United States Building and Loan League

As a further means of granting recognition of achievement for constructive and beneficial service, the Jury also presented *Certificates of Recognition* to these 20 associations:

American Gas Association  
American Surgical Trade Association  
American Trucking Association  
Associated General Contractors of America  
Associated Wool Industries  
Better Vision Institute  
Independent Petroleum Association of America  
Institute of Carpet Manufacturers of America  
Institute of Scrap Iron & Steel  
International Association of Electrotypers and Stereotypers  
Manufacturing Chemists Association of the U. S.  
Massachusetts Leather Manufacturers Association  
Milk Research Council  
National Association of Photo-Lithographers  
National Confectioners Association of the U. S.  
National Electrical Manufacturers Association  
Pacific Northwest Feed Association  
Rocky Mountain Electrical Association  
Underwear Institute  
Wisconsin Implement Dealers Association

The award to the National Machine Tool Builders Association was based on the efforts of the Association to restore activity in the machine tool industry.

In 1929 the A.T.A.E. Award of Merit was established by an anonymous donor whose name was announced at this meeting.

"I felt that I owed something to my profession—I have great faith in the profession which I represent," said Mrs. Margaret Hayden Rorke, Managing Director of the Textile Color Card Association, and a founder member of the American Trade Association Executives, when her name was announced.

"Gradually the work of these associations has advanced from that of merely attempting to correct and eliminate those evils and unsound practices that had grown with our economic progress to that of advancing the standards and character of business and industry through instructive and educational programs," said Secretary Roper in presenting the award. He also stated that, "There are problems common to all trade associations and to all business."



# Principles of American Enterprise

By HARPER SIBLEY

President, Chamber of Commerce of the United States

**Q**UESTIONS of grave import to business are crowding the national horizon. These are more or less interrelated—unemployment, relief, taxation, federal fiscal policy, social security. The solution of one is contingent upon the solution of others. Taken together, they involve consideration of the broadest fundamentals of national policy—political as well as economic—and cast a shadow over the future course of what we call the American system.

Under that system we have conquered a wilderness, developed its resources and adapted them to our uses in greater measure than anywhere else in the world. That system has stimulated creative effort. It has provided boundless opportunity for expansion and growth, with a minimum of regulation and hampering restrictions.

This cannot be accounted for by differences in human make-up or ra-

**FULL utilization of the country's resources in solving the problems confronting the nation was the dominant note of the meeting, sounded by President Sibley in his opening address to the delegates and guests**

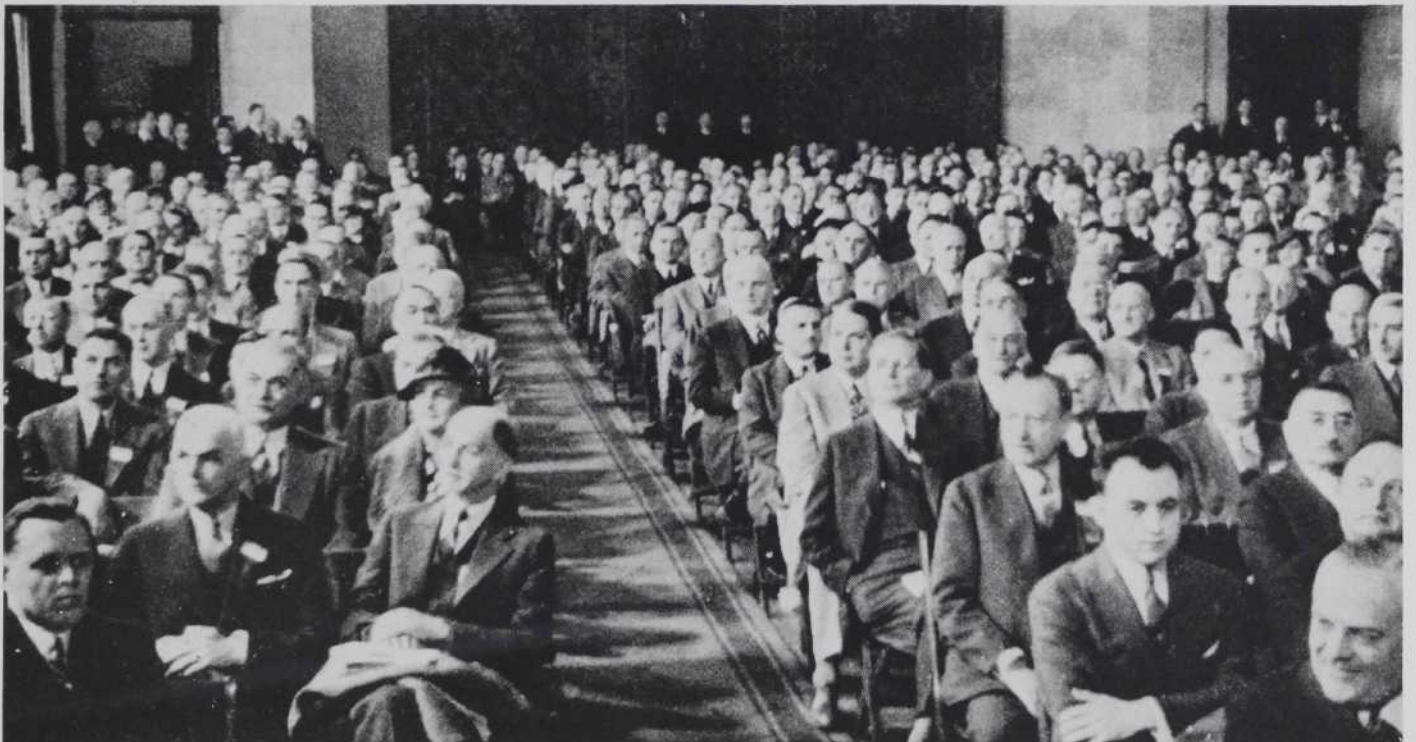
cial attributes. Our men and women are but the cousins of those overseas. Our material resources are the same in kind. These bursts of creative genius and the industries which have grown out of them must be due to something else—a political and economic system which encourages and protects enterprise, opens the door of opportunity. If one person can, by superior energy, by more extensive advertising, or by selling a better or more attractive article, outbid another in popular fancy, he has a perfect right to do so. Here lies, at

least in part, the explanation of our successive waves of new enterprises.

This country has been the outstanding historical example of reliance upon individual initiative and enterprise rather than upon political direction. When Morse offered his invention, the electric telegraph, to the Government for \$100,000, the Postmaster General replied:

"The operation of the telegraph between Washington and Baltimore has not satisfied me that, under any rate of postage that could be adopted, the revenues would be equal to the expenditures."

In 1879, the subject of lighting by electricity was considered worthy of investigation in England by a select committee of the House of Commons. In the course of expert testimony about the arc light, a witness was asked about a young American named Edison. The lofty reply was that the young person named Edison



FOR NATION'S BUSINESS BY HAMMER

The annual meeting got under way with every seat in the auditorium occupied and late commuters gathered in the court yard where a public address system brought them the speeches



had put forward no statements "that would induce a scientific man to pay any attention to it." In its report, the committee ignored Mr. Edison.

The progress of industry in this country has been watched with intense interest by all the world. And now, when the pressure of bad times has been removed somewhat, we can realize that this progress continues.

The manufacture of radio apparatus did not receive recognition from the Bureau of the Census until 1931, when it was found to employ 36,000 persons. In February, 1935, this number had become 57,000.

This is not the only industry which, in 1936, has been running ahead of 1929 in employment. There are rayon, with 55,000 employees; the manufacture of woollens and worsteds, with 174,000; knit goods, with 209,000; automobiles and their parts, with 457,000. Nor is this list complete.

### Business is gaining

BUSINESS activity has been gaining momentum during the past year. Worn out and obsolete equipment is being replaced. Substantial gains have been made in employment. Private enterprise, by the end of 1935, had put at least 5,000,000 workers back on the pay rolls. But this gain does not justify the assumption that in time all will be well. The unemployment that remains is a challenge. If the United States is to remain the outstanding example of equality of opportunity, some way must be found of assuring the individual worker of his chance.

Employment, therefore, stands as a great objective in a situation which requires renewed consideration of the fundamental principles underlying our national structure. To put several million men and women to work is a matter of far-reaching consequence. But the question in its broadest bearing is: Shall we rely upon traditional American business initiative and enterprise, or look increasingly to Government?

The answer to that question is going to depend in some degree upon the capacity, the far-sightedness and the sense of responsibility of business management. And equally it is going to depend on recognition of those qualities by Government.

I do not think that American business management is open to the accusation of complacency over all that has gone before. It has its abuses, as has any other walk of life. But Government, in its proper desire to wage war upon destructive and subversive forces, must not shackle all of its citizenry. It must never forget that any injury to business means injury to labor and the public as well.

No, the answer is not punitive action, not resort to a régime of government in business or constant official controls, but, rather, a proper alliance between business and government to eliminate waste and inefficiency, to put down unfair and unwholesome practices destructive of the public welfare—and, in their place, to encourage and support vigorously all right principles of business organization and conduct. And business, itself, must ever struggle to bring the whole body to accept and to adhere to fair business principles and relationships.

Men know them. Good citizens long have lived by them. The principles are unvarying.

American business management acting without compulsion has advanced wage standards and living standards. Able managers work with their employees and not against them. They try to encourage consumption and not curtail it. They are constantly trying to broaden opportunity and employment.

If the principles are sound, the ob-



Charles O. Thompson, of Fairbanks, Alaska, probably had the distinction of coming from further north than any other delegate

ligation to live up to them rests upon business itself as well as government. Business management must justify itself, not by the faith it professes, but by the good works it does in keeping with the injunctions that faith lays upon it. High ideals do not compensate for shortcomings of practice.

On the other hand, government has certainly no justification for attacking the ideals because some have not lived up to them.

Guided by those ideals we have developed a working population that, in number, skill and standards of living, cannot be matched anywhere

else in the world. A few years ago 46,000,000 persons were going to their daily tasks by which they earned a livelihood for themselves and their dependents. To bring the country up to that level of activity today would require jobs of one kind or another for 48,000,000 people.

### The real question

CAN it be done? We have the resources, materials and equipment. Certainly there is no lack of desire for the products of the labor and the services of the employees necessary to bring the total up to the required figure. I do not think it can be said that American ingenuity has declined or that our capacity to produce has been exhausted. The real question at issue is how we shall set ourselves to the task of bringing these resources into full play.

Are we to follow the tried course of giving rein, with proper curbs, to private enterprise which has been at the bottom of our success? Is the fundamental, characteristically American principle of economic freedom to be maintained, or is it to be circumscribed by government controls? Is individual initiative to give way increasingly to political direction?

The question is not merely one of political interference with the orderly processes of this or that industry. It is not only a matter of legislative discrimination which throws productive machinery out of gear. It is not whether this or that type of industry shall be favored or of reforming or disciplining one or another. It is a more fundamental question whether business based on individual initiative and resourcefulness and effort is to give way to a quite different set of relationships.

This issue cannot be settled by hurling partisan invective, or unleashing political rancor and antagonism. If the American people have given ear to false prophecies, they are not to be herded back to the right path by denunciation and abuse. Our ills are not to be cured by the flaying of business by the politician or condemnation of politics by business men.

It is a task for both business management and political management. Both must meet the issue squarely and courageously. It will not be met if business restricts its outlook to the four walls of the counting room and particular industries measure national progress in terms of their own cash balance. Neither will it be met by political fault-finding or by legislative proclamation. It can be met only by hard, cooperative work and the exercise of that most valuable attribute, still deep rooted in the American people—common sense.



# Employment and Production

By **DANIEL C. ROPER**  
Secretary of Commerce

**IT** IS fitting that the question of how business can increase employment and production should be discussed at this meeting. A fundamental consideration of this discussion must be how private enterprise can put more people to work. There can be no escape from this, for if it is not the responsibility of private enterprise to employ the people now out of work, then it becomes the responsibility of private charity, and of Government.

Many industries are to be complimented upon the gains they have registered. But, even though one industry may show encouraging gains, the sound position of that industry is not assured until national unemployment has been greatly reduced. Therefore, it is the responsibility of all business to increase its efforts for greater employment. If employment does not increase, the taxation for relief purposes will come largely from business earnings. Thus, there must be reemployment or a longer period of increased taxation.

We cannot develop a long term approach to the problem of unemployment without more specific and dependable knowledge about the nature, scope and intricacies of unemployment. We must know more about the specific causes behind the situation; in what segments of our economic activity the major part of the unemployment problem falls; what percentage of the total are unemployable; how those who are employable but now unemployed are distributed among the different occupations; the nature and scope of the problem created by new employables who have never been gainfully employed; in what fields are there prospective labor shortages; and what the ultimate relationship between all segments of our economic life properly should be when the satisfactory solution is found.

The Department of Commerce is now obtaining data concerning employment as well as some aspects of unemployment through the Census

of Business and Census of Manufactures. When those censuses are completed we shall know what additional data are required to give an adequate picture of employment and unemployment. As soon as this information is available, I propose an occupational and unemployment census.

But reemployment must not await the taking of a census. Business should survey its own needs and its own conditions from the viewpoint of employing as many persons as current improvements and future programs demand.

In the past 25 years we have greatly improved our production efficiency. This has made possible our high stan-

thrown out of work by technological innovations may rapidly be transferred into new fields. To this end, I suggest that each major industry set up a committee to study reports from its members, setting forth the probable replacement of employees through new machinery installation. With such information available, early efforts could be made to transfer these employees into other work.

We know that, during the past five or six years, industry has withdrawn from production much of its old equipment, with the result that capital replacements are needed.

The recovery which has taken place is a sound foundation for increasing capital expenditures and replacing obsolete equipment.

## A program for more homes

ONE of the outstanding opportunities which private enterprise, with Government cooperation, can meet today is that of a well founded and wisely guided home-building program, based not only upon the immediate demands but also upon a long-term need. A program of this nature will not only give impetus for further recovery but will establish a basis upon which enlarged economic and social security will be brought to millions of our people. The type of program needed is reflected in the market which must be provided for the lower income groups.

In this program, local facilities should be utilized. Local financing should be used whenever possible. It is the responsibility of business to see that this program is guided to avoid a speculative boom followed by deflation.

Foreign trade should also receive more careful attention by business with reference to reemployment.

Through its reciprocal trade agreement program, the Administration has acted to readjust the foreign trade barriers which contributed to the decline of domestic business. With trade channels now being opened upon a reciprocal basis, business and industry have new opportunities for foreign markets. It is the responsibility



Daniel C. Roper, Secretary of Commerce

dard of living. Our problem today is how to use this efficiency to provide further opportunities for employment and lower costs to the consumer. I believe that business should study this question of technological development to determine what the labor displacement is and how the workers can be more quickly transferred to other channels.

It is a responsibility of business to speed up this transition so that men



ity of business to take advantage of those opportunities.

I believe that business, cooperating with Government, should study the development of a broad useful public works program which would serve as a reservoir for employment in depression. The success of such a program would depend primarily upon advance planning so that, when necessary, the program could be put into immediate operation. Even under the hurriedly constructed program of the past three years we have found that public works do provide a reservoir of employment and stimulate private enterprise.

One of the dominant elements of success in American business has been the trend toward higher wages and lower costs. Business has never analyzed fully what the economically proper working hours and wages should be. Each industry should determine how improvements in productive operations will lower prices, increase consumption and hence increase employment. It is the responsibility of business to formulate definite programs assuring maintenance of proper wages and hours.

Although, during the emergency, the federal Government assumed many of the responsibilities of individuals, industries and local governments, this does not mean that these responsibilities properly belong to the federal Government. Some units have adopted the attitude that they can or should no longer bear these responsibilities. This is wrong. Only as these units reassume their proper duties will government expenditures decline.

Never has the need been greater for a mutual understanding between government and business. Early in 1933 I recommended the formation of the Business Advisory Council for the Department of Commerce. If such a

council had been formed 15 years ago and had functioned continuously to the present, I am certain that many of the misinterpretations that have grown out of the depression and emergency would never have existed. The Council has had a splendid opportunity to register the business viewpoint while becoming familiar with government problems. I urge business to accept every opportunity to extend this democratic principle.

When business and government fail to create and maintain those educational attitudes and endeavors which clarify national problems and establish a mutual working basis for the solution of such problems, the vital factor of a favorable public opinion is lost. Let us in all cases have constructive and definitive criticism, but let us insist that this criticism be practical and realistic in the light of changed conditions and the enlarged responsibilities of business.

Certainly, it should be clear that the Government does not desire to destroy those fundamental concepts and principles of American business which have made possible our national wealth and progress. These basic principles and objectives must and will remain as the ideals by which American business and industry should be guided. But business must inspire public confidence and justify its belief in these ideals by its actions. These fundamental objectives can only be fulfilled by the concerted action of business with the support and cooperation of the Government. This assistance and cooperation is promised by your Government. As an educational responsibility, business must translate its ideals into action.

I have tried to emphasize that, since business enterprise must pay the bills, it should submit the plans to cope with the unemployment situ-

ation. With this in view I have indicated some of the fields for study as I see them. Let us summarize these:

1. Business should survey its own needs from the viewpoint of employing as many persons as current improvements and future programs demand.
2. As productive efficiency is improved, business should pass the lower costs of production on to the consumer.
3. Business should form committees to study technological unemployment and methods for speeding up the transfer into other fields of workers replaced by machines.
4. Business should stimulate the durable goods industries by early action providing for capital goods replacements.
5. Business should develop effective and wisely engineered home-building programs, privately financed and managed and adapted to local needs.
6. Business should endeavor to expand our foreign trade all along the line and especially in cooperation with the Administration's reciprocal trade agreement program.
7. Business should have a research program for the purpose of informing business on a long-term useful public works plan looking to the coordination of proper national, state, local and private endeavors.
8. Business should study the relationships that should be maintained with respect to production, wages and hours of labor and the necessary methods and mechanics to be utilized in maintaining this relationship.
9. Business must apply its best endeavors to a fundamental educational program involving methods and efforts to get the states and subdivisions to reassume their social responsibilities as soon as possible, to study economies in Government and to promote self-respect and mutual responsibility in the individuals and in the groups and organizations of our citizens.
10. Business should utilize every possible channel of approach that will result in the most effective cooperation between business and Government.

It is my firm conviction that, as business fulfills these responsibilities, employment will increase, relief demands decrease, national income expand and safe recovery be attained.



Meeting the day before the general sessions begin, the National Councillors assemble to prepare the way and complete final arrangements for the arrival of delegates

FOR NATION'S BUSINESS BY HAMNER



# Increasing Employment

By LEWIS H. BROWN

President, Johns-Manville Corporation



Lewis H. Brown

UNDERWOOD & UNDERWOOD

**MR. Brown's speech, like all others appearing in this supplement, is printed in a somewhat shortened form. This course was dictated by space limitations and the desire to report as many as possible of the many features of the meetings**

**T**HE PROBLEM of increasing employment by private enterprise is the very heart of recovery and prosperity. It is the problem around which all the efforts of our Government should center. And yet this is not, and should not be made, primarily a political problem. It is an individual human problem first, and then it is an economic question. But, because Government is attempting to contribute to the solution, we have the new complications of partisan political controversy.

But business must not be misled by these. It must examine this problem in the light of experience. It must view it as a problem, not of political expediency, but of practical economics; and business must start from a factual basis in its progress toward a solution.

Perhaps, then, we had best ask what we mean by "private enterprise." And, then, what we mean by "employment" and "re-employment."

I take it that "private enterprise" is a synonym for "business," and according to Webster's Dictionary, "business" is "any particular occupation or employment engaged in for livelihood or gain." That seems to take in everyone who works for a living, and the census figures for 1930 show that, in that year, 49,000,000 people, or 40 per cent of our population, were so engaged.

These 49,000,000 people created all the wealth of our country and out of that wealth supported all the rest. Out of the wealth thus created came the taxes to support the Government. Whatever there was to divide among all of us was created by those who worked. But we must not confuse "business" with "industry." "Industry" generally means manufacturing. And industry in 1930 employed only 14,000,000, and of these about 3,500,000 were engaged directly in con-

struction, leaving 10,500,000 in what is generally termed the manufacturing industry.

Now what do we mean by "employment" and "unemployment"? The number of people normally gainfully employed from 1920 to 1929 increased just as rapidly as the population, and in even the best times perhaps a million were unemployed—and perhaps another million had only part-time employment.

Between 1930 and the bottom of the depression, although no accurate figures are available, we know that

many millions were unemployed. In 1933 unemployment was estimated at more than 13,000,000.

In those days more than 95 per cent of the business men were co-operating with the Government in what they believed was a vigorous war on depression. The sole objective was to get the unemployed back at work in private enterprise and thus bring about recovery.

## Cooperation

NOTHING like this spirit of cooperation and accomplishment had been seen in this country since the World War and no Government ever had a greater opportunity to lead its people out of the wilderness than ours had at that time.

The Administration put itself in the position of overseer—if not as an overlord—of business, and business permitted it. Business men gave Government its great chance and upon Government's own terms. Whether or not it was good business, it was a

great act of cooperation.

Government said, in effect: "Give me the power to plan for you and I can solve the problem." Many business men doubted this. Yet business "went along."

Today we still have an estimated 10,000,000 unemployed.

Business has gradually improved; more people are at work than there were a year or two years ago. But the progress has been all too slow.

Every so often during this period, when the Government has become discouraged with its inability to make



satisfactory progress in solving this problem, Government officials have demanded that industry undertake arbitrarily to reemploy the unemployed. This ingenious request is based upon two premises—both false. The first assumes that industry employs workmen when there is no work to do. The second, that industry has a source of income out of which to pay wages, other than the sale of goods to customers. Recent demands of this character are not the first that have been advanced. Two years ago, General Johnson—then head of the NRA—appointed two committees, one of which was the Durable Goods Industries Committee, whose task was "to work with the Administration, not merely with the NRA, and to report to the President shortly on how we can create jobs in some other way than any yet suggested."

### How make employment?

SPECIFICALLY, the question was asked: "How are we going to make jobs by production and consumption, which is the only way to make them in the last analysis? How are we going to activate the capital goods industries? What more can we do than we have done?"

I served on the Durable Goods Industries Committee. That committee on May 14, 1934, made a report to the President on the subject of National Recovery and Employment.

This committee's study indicated clearly that the one main objective was recovery. What the American people wanted was to provide jobs in private enterprise. Every one agreed that relief had to be given so that no one should starve, but all were convinced that relief never could bring recovery.

But Government is still experimenting with different phases of its "planned economy," reducing production—subsidizing nonproduction and even destruction. These methods succeeded in bringing about scarcities—sometimes in greater degree than had been planned.

Of course, an economy of scarcity, if at all successful, brings about a sellers' market; and this may be a temporary aid to some lines of business. It also suggests an explanation of the anomaly that, while business has improved, employment has not improved to the same relative extent. If the

first aim of the planned economy was to relieve unemployment, it certainly has failed. Today, after two years during which the Government has primed the pumps with billions of public money, we still have substantially the same number of unemployed and, in addition, more millions on relief than we had then.

One of the largest groups of the unemployed has come from the construction industry. One of the keys to solution of part of the unemployment problem was the encouragement of capital to enter the real estate mortgage market. Government activity, through the Home Owners Loan Corporation, contributed greatly to the stabilization of the real estate market. Title I of the Federal Housing Act stimulated directly and indirectly one and one-half billion dollars of modernization and repair work that served as a stop gap until fundamental conditions would be more favorable for the resumption of new construction. And, yet, today, while some mortgage money is becoming available, retarding influences exist that could have been cleared away.

Neither can it be said that the Government's efforts to improve industrial relations have promoted the co-operative spirit. It remained for the Supreme Court to eliminate this retarding influence although the specter of it still prevails.

The price parity between agricul-

AAA accomplished in due time. Although much might be said about the methods of the AAA; yet the fact remains that price parity between major economic groups is probably a more important contribution to what recovery we have had so far, than any other one thing. Had comparable results been obtained in the other basic fundamentals, the figures on unemployment today might well tell a different story.

But when it comes to the broader aspects of the recommendation, much remains to be accomplished. Business men still have little real confidence that will encourage them to go ahead. The profit incentive is still under general attack.

The second essential of recovery is also notably lacking—recognition that the only legitimate purpose of taxation is to provide revenue. Taxation has been made the device for accomplishing many purposes beyond the constitutional reach of the federal Government. The threat of its wider use to this end blankets initiative and clouds the future of private business. That is also true of the mounting public expenditures which threaten inflation and further changes in our monetary policies. Business still faces the uncertainties of unreasonable and arbitrary administration and is constantly attempting to determine the trend of government policies.

As a result of the natural forces of recovery, with the assistance of some governmental measures, and in spite of others, business has improved.

### Millions at work

SINCE the low point of 1933, private enterprise has put to work—directly and indirectly—5,500,000 persons. It has been estimated that, if we exclude the relief and emergency workers employed by Government—approximately 41,000,000 people are gainfully employed in this country. Of this number, slightly more than eight million are engaged in manufacturing. In 1929, manufacturing, not including construction, employed approximately 10,000,000. It is perfectly ob-

vious then that the manufacturing industries cannot be expected to reemploy all the 10,000,000 unemployed. But this only brings us back to the basic fact that, although business has already reemployed more than 5,500,000 workers, employment of at



FOR NATION'S BUSINESS BY HAMMER

Congressmen take a lively interest in the sessions and the views expressed. Representative Samuel B. Hill, Washington (with cigar) and Senator Arthur Capper, Kansas, were among those from the Capitol who attended the annual dinner

tural commodities and manufactured goods has been substantially achieved, largely as a result of the devaluation of our money and by the operation of natural and economic forces. What the drought failed to do quickly, crop curtailment under the



least a large portion of the other 10,000,000 is still waiting for those conditions that will restore confidence and stimulate the durable goods industries. The inevitable conclusion apparently confronts us, that we have not made enough real progress in solving the unemployment problem in the past three years.

I think that I can say with complete honesty that business men are convinced that—unless we are willing to raise, year after year, through taxes, the money necessary to keep millions upon the government pay roll—the only solution to the unemployment problem is to stimulate and encourage the business mechanism so that it can and will absorb the unemployed. Is it not about time then that we faced the realities and attempted to put into effect policies and plans that will do this? Is it not perhaps time that a new approach to the problem is made?

In England and in other countries where real recovery is taking place, Government is helping and encouraging business to go ahead.

If we continue as we are, will we ever find a solution to our problem of unemployment and recovery? Will we still have 10,000,000 or many more unemployed in 1938?—in 1940? Does it mean that each year we must continue to raise billions in taxes to provide government jobs or government dole for those who should and could be employed in private enterprise?

What are those of the next generation going to say when they are handed a public debt of 60, 80 or 100 billion dollars? Are we producing a bankrupt generation of hopeless, discouraged men and women to whom work and self-respect are denied?

And are we forging for those who have jobs a constantly heavier tax ball and chain?

And what about American business? Can you imagine anyone more willing to employ more people than the American business man, once the road is clear?

### Business is ready

GIVEN a fair government policy of encouragement to private enterprise, is there any question that vigorous forward movement would take place? For my part, I believe that under such conditions, business would improve to such an extent that within a few months the manufacturing industries would be employing more men than they employed in 1929.

If I appear critical of results to date, I do not wish to be unfair. There are some who can see nothing wrong with anything before 1933 and nothing but wrong since. I believe that many of the original objectives of the New Deal as stated in the admirable platform of 1932, if carried out, would have gone a long way to provide for recovery. I also believe that, if the American people once understand the problem, they will insist that business be aided and encouraged.

But when business men attempt to deal with public problems they usually manage, because they are unaccustomed to the arts of the politician, to leave an impression that they are reactionary and against everything. That is certainly not true. And so I would like to summarize what I believe to be the real attitude of most business men:

FIRST: Business men are not basically

politically minded. They are interested in facts, in principles and in results and will cooperate with either or both political parties to attain results consistent with those principles.

SECOND: Business leaders are just as much in favor of the avowed ideals or expressed objectives of the New Deal as is the average citizen. Business men are more eager than any one else to see the unemployed with good jobs again; to see the farmers with restored purchasing power; to see every one with shorter hours, thus having more leisure to enjoy the more abundant life. But the only way we know how to make these ideals come true is by the same slow, practical process by which our pioneer forefathers turned the forests and prairies into farms—that Thomas Edison turned a laboratory experiment into a great industry—that Henry Ford changed a horse and buggy into a horseless carriage.

THIRD: Business men are in entire accord with the idea that governments should together raise a fund to care for those in real need. But they also believe that in a democratic form of government no one can administer as efficiently such a public fund as a non-partisan committee of neighbors of those on relief.

FOURTH: Business men recognize that even in the best of times several million people were unemployed because they were unemployable. We have long advocated a census of the unemployed as a basis of dispelling theories and substituting facts.

FIFTH: Business has reemployed 5,500,000 workers and will continue to employ more as fast as orders and work are available.

SIXTH: Business men believe that, to solve this problem, requires a cooperation between all the leaders of American Life. The leadership suggested is not a substitute for political leadership, but is a part of the essential cooperation which must be brought about between Government and business. Each obviously has its sphere of action—neither can alone deal with the problems.

And, finally, business men strongly recommend that, where one plan fails, another be tried.

## Sources of Reemployment

THE problem of increasing employment was tackled by business at a Round Table Luncheon Conference. John W. O'Leary, president of the Machinery and Allied Products Institute, who presided, listed as the three principal sources of reemployment and methods by which increased employment can take place:

1. Capital goods industries by restoring to business and industry that confidence which enterprises require before long time financing can be safely undertaken.

2. All industry and business by increasing production, chiefly through elimination of both self-imposed and government-imposed regulations of prices and other factors which hamper the nor-

mal functioning of a competitive system.

3. New industries and new products of old industries and occupations, particularly agriculture, which is the ultimate source of most unemployment.

"Probably," he said, "the most immediate source of reemployment is the heavy industries—building construction and capital goods manufacturing. It has been estimated that, for each man employed in capital goods manufacturing, three others receive incidental employment in producing, processing and transporting raw materials, and in handling, selling and servicing the finished products. This would indicate that so many, if not all, employable unemployed might

receive jobs with normal recovery of the heavy industries that the unemployment problem would disappear.

"The major source of unemployment is agriculture," he said. "Of the ten major occupation classes, as divided by the Census Bureau, this is the only one showing a marked downward tendency in employment. In 1930, agriculture was 6,000,000 workers short of the proportion it had in 1910. . . . The manufacturing and mechanical trades have gained the most in employment both over the past 20 years and since recovery began."

Discussing the extent of the reem-



ployment problem, H. B. Bergen, director of industrial relations of the Procter & Gamble Co., said:

"Industry has been asked to reemploy the unemployed. As a matter of common sense, it would seem that the first step in considering the reemployment problem is to ascertain the present volume of unemployment. Unfortunately, this has not been done."

Taking issue with theories of technological unemployment, Eugene C. Clarke, president of the Chambersburg Engineering Co., said:

Improvements in equipment and processes are frequently blamed for the present unemployment problem. Yet there is abundant evidence that the most highly mechanized industries are the very ones which are providing most jobs, largest pay rolls and lower cost goods or services.

A scientist's answer to pessimists on the subject of technological unemployment was made by E. R. Weidlein, director of the Mellon Institute of Industrial Research. Championing business initiative and industrial development, he said:

The future safety and prosperity of the United States depends upon the wise and active prosecution of scientific research. The invention of a new machine or process may cut down the number of men needed to do a particular job but the advance of science means more jobs instead of fewer jobs in the end. This is because science creates whole new industries. This has been the whole philosophy behind the activities of some 1,600 research laboratories in the United States. Scientific research has progressed beyond the point where it is chiefly concerned with the mechanical side of industry and the development of labor-saving machinery. The chief concern of scientific research today is the creation

of new industries, new products and new uses for old products.

The new synthetic aliphatic organic chemical industry, in the short period of five years, has become a real force in modern civilization. The results of the researches that created it have made available in large quantity and at low cost a variety of commercially valuable organic chemicals distinct in origin as well as in application from the synthetic chemical products previously available.

A principal product of these efforts is ethylene glycol, which has come into commerce for the first time, after having been known since the early days of chemistry only as a curiosity. Ethylene glycol is now widely used in explosives manufacture and as an anti-freeze material for automotive engines; it is also finding numerous new uses to supplement the inadequate supplies of glycerine and is serving purposes entirely new in the arts.

Whenever through scientific research a new tool is provided to a major industry, it reacts as an additional step toward raising the level of civilization throughout the world, and on the whole immeasurably more good than harm is the result in every case.

In 1931 a new industry was started in Toledo, Ohio, to manufacture a new type of synthetic resins called "Plaskon." If you will recall business conditions existing then, you will agree that it was not the most propitious moment to launch a new venture. Nevertheless, the sales for 1932 were more than six times those of 1931, which were quite satisfactory, and this business has increased approximately 50 per cent each year since then.

Another new industry which had a rapid growth from 1929 to the present time is the Visking Corporation, which was created in a research laboratory to manufacture sausage casings. This industry constructed a new plant in 1932. If all the production at present were in one size of frankfurter casing it would amount to more than 500 miles a day.

The story of the technical development of sodium hexametaphosphate, from a laboratory curiosity to a commercial product, in the past five years, is one of

the romances of modern industrial science. Its first application entered in the treatment of boiler feed-water to prevent scale. It is now finding wide use in the laundry industry. The action of this chemical on lime soaps is in effect a "regeneration" process, in which the soap, previously inactivated by the hardness of the water, is restored to its original activity. . . . This is a good example of a laboratory product known for 100 years that has just recently been put to work for the benefit of mankind.

Scientific discovery is still in its infancy because many of the most common things around us are not yet fully understood. Unless civilization utterly fails us and removes from the followers of science the means whereby research can be carried on, we may confidently anticipate a continual and rapid increase of our scientific knowledge and with that knowledge a growth of man's power.

In the light of our present day scientific knowledge we can classify the automobile as about ten per cent developed and can regard the radio about one day old and television less than one hour. Transportation is just beginning to feel the effects of scientific development and our greatest opportunities are in modernizing our homes with the aid of science.

Summing up a discussion of manufacturers' marketing methods that might bring about reemployment, I. N. Tate, vice president and secretary of the Weyerhaeuser Sales Company, said:

We still need faith and patience—the improved selling methods that are necessary are not carried under any patent medicine labels. What we do need is to stick to the old prescriptions; to broaden our markets by building "More car for the dollar"; to educate our public to the point that the car will be appreciated, and then perfect our distribution to the point where the car will be easy to buy. That formula has never been improved upon and it never will be—and somewhere along the line we shall find that "unemployment" has solved itself.

## Fighting Fire Waste



ON BEHALF of the National Chamber Fred W. Koeckert, president of Commercial Union Fire Insurance Company, presented bronze plaques to the six win-

ning cities in the annual Fire Waste Contest.

Describing some of the accomplishments of the contest, Mr. Koeckert

pointed out that, in the 13 years since 1923 when the contest was first conducted and including the 1935 competition, participating cities have shown a steady improvement. Stated in dollars and cents, the fire loss of the participating cities has been \$380,000,000 less than it would have been if they had had the same proportional loss as other cities.

Even more important, Mr. Koeckert pointed out, was the saving in human life, which cannot be measured in money, and the increased pay rolls and community income made possible by this reduction.

"For this reason," he said, "I believe the cities which entered the contest have already received their greatest reward." These cities, in the calendar year 1935, numbered 325. The winners were:

- Class One Cities—Philadelphia.
- Class Two Cities and winner of grand award—Atlanta, Ga. (The photo shows Mr. Koeckert, left, holding plaque, with the Atlanta delegation.)
- Class Three Cities—Hartford, Conn.
- Class Four Cities—Lakewood, Ohio.
- Class Five Cities—Parkersburg, W. Va.
- Class Six Cities—Geneva, N. Y.



# Protection for the Worker

**T**HE MUTUALITY of interest between management and workers was stressed at the conference on industrial relations. After a recital of the accomplishments of employers in giving preferential treatment to employees over investors during the depression, the conference adopted a resolution calling upon the National Chamber to undertake a program to give widespread publicity to the contributions which industry has made to economic and social progress.

"Major executives of the country's leading corporations," said W. L. Sweet, treasurer, Rumford Chemical Works and chairman of the session, "have long found it advisable to devote a large measure of their own time to safeguarding the welfare of their employees and improving their working conditions. It is indeed unfortunate that efforts are being made by politicians and by propagandists to convince the public that management itself is incapable of any intelligent and equitable action in dealing with labor."

It has apparently become a habit in certain political circles to assume that employers, left to their own devices, have been, and will continue to be, ruthless exploiters of labor. Indeed, one may well question whether our public servants have any conception of the magnitude of the voluntary accomplishments of employers throughout the depression in safeguarding the interests of their employees.

The Social Security Act, said M. B. Folsom, treasurer, Eastman Kodak Company, should not deter the continued development of employees' benefit plans. Mr. Folsom cited results of a recent survey by the National Industrial Conference Board covering the benefit plans of nearly 2,500 industrial enterprises employing about 4,500,000 workers. The survey showed that about 60 per cent of these companies are maintaining group life insurance plans, 31 per cent of them have group health and accident insurance, and 36 per cent of them maintain some form of pension plan.

While supporting the basic principles of the Social Security Act, Mr. Folsom called attention to several objectionable features, and particularly stressed the difficulties of administra-

tion, including the dangers of political manipulation of reserves, which would have to be overcome.

He said:

Employers must realize that the country is facing an old age and an unemployment problem, and that legislation to meet these problems is inevitable. The next election or the fate of this particular act in the courts will not solve them; they will be with us just the same. Business men should be concerned with these



M. B. Folsom, Eastman Kodak Company, discusses employees' benefit plans

problems and should become better informed on the various factors involved. Those who have studied the problems thoroughly generally reach the conclusion that some form of governmental action is necessary. Merely to condemn efforts already taken is of no help.

Industry should cooperate with the administration of the present federal Act, to assist in correcting the defects as they appear in practice, and to help formulate state unemployment compensation acts. The Social Security Board and the state unemployment administrations face a tremendous job in launching these plans. If the defects to which attention has been called are corrected and the administration put on a sound basis, employees, employers, and the public generally should benefit.

James L. Donnelly, Executive Vice President, Illinois Manufacturers Association, took exception to Mr. Folsom's conclusions as to the feasibility

and desirability of any federal legislation in the field of social welfare. Speaking from the floor, Mr. Donnelly said that no governmental efforts to provide benefits, regardless of need, to 25,000,000 or more citizens could possibly be free from serious political abuses.

"Apart from questions of constitutionality," said Sterling Morton, secretary, Morton Salt Company, "there are definite economic limitations on legislative efforts to improve terms of employment."

## Laws won't spread work

HE pointed out that attempts to spread work, through legislative fiat, are certain to decrease the total work to be done, just as attempts to redistribute wealth will surely decrease the wealth to be shared.

Discussing the economic fallacies of such measures as the 30 hour Bill and the Walsh-Healey Contracts Bill, Mr. Morton asserted:

Legislative interference may reach a point where it forces the employer to reduce his operation or even abandon it. An idea is prevalent that business has some bottomless purse out of which to meet taxes; some inexhaustible reservoir of funds out of which to pay more wages for less work. Horror is expressed at any advance in prices, no matter how much wages may have been raised or hours shortened.

But even legislators cannot change the fact that if legislation raises costs, prices must follow. Few business men favor high prices, knowing that if prices are high, buyers are scarce.

Much labor legislation is rooted in a fundamental error, a presumption that the interests of employer and employee are opposed. These interests may conflict in detail, but one basic fact stands out: unless a business undertaking is successful, neither employer nor employee prospers. If a business fails, the employer loses his capital, and his effort; the employee loses his job. So legislators must never lose sight of one basic fact: the employee's job largely depends on the success of the employer.

Alexander Thomson, chairman, Champion Paper & Fibre Company, declared that management still has a tremendous task in eliminating friction and misunderstandings among workers. He said:

We must remember that all modern personnel methods and facilities can be easily installed with harm instead of



benefit. The employee must have a sense of his own worth. This feeling can be engendered by management through sympathetic, directly acquired knowledge of the attitudes and interests of workers. An industrial enterprise may indulge in but few personal devices and still succeed brilliantly because of the faith, affection and the confidence already held by the management and the men in each other. It is entirely necessary that employees think of their management, not as a superior class, but as human beings whose task is to adminis-

ter a plant or industry to the common advantage of all those who are connected with it.

"The keystone to industrial relations is education," said B. F. Heacock, president, Caterpillar Tractor Company. "Industrialists have done a miserable job of educating their best friends on earth—their workmen. We have been afraid to talk to them for fear they would do contrary to that

which we advise. Most of us have been workers ourselves. Most of us are still proud of it. The dissemination of information concerning proper economic principles and the real place of industry in American life is badly needed. We should put together some simple facts in such a way that the workers with whom we want proper relationships can be as well informed as we are."

# Let's Be International-Minded

By THOMAS J. WATSON

President, International Business Machines Company

I WOULD like briefly to refer to the new affiliation which the International Chamber has with the Carnegie Endowment for International Peace. They have joined with us and have allotted money to make a survey of international economic relationships, in an effort to prove the bad effect that war has on all people whether or not they are engaged in it.

Our program is rather ambitious but the matter of economic stability and world peace is a pretty big proposition. We have laid out a program and have started and will soon have our first report ready to send to all our members.

Our survey covers the international stabilization of currency on a basis that will be fair to all countries regardless of their size or importance; a fair adjustment of trade barriers; a final settlement of all international debts on a fair basis; some kind of a sound, sane understanding in regard to international armament, and some better plan for the distribution of raw materials, food and clothing, throughout the world. We believe we can accomplish something along those various lines.

## Must help others

WE want more people in the United States to become international-minded, not because we want them to do something for other countries, but because we believe, if they will analyze the situation, they will realize that one of the best ways to help our own country is to cooperate with other countries. The talents of the people, the quality of the soil and the natural resources of the world are distributed unequally, which means that certain people and certain countries can excel in producing certain things. Therefore it is our job to

work out a plan by which the people who can produce something to better advantage than other people will be able to sell their products to other countries and in return be able to buy things which other countries can produce better.

We in the United States only represent six per cent of the world's population, but we manufacture 50 per cent of everything manufactured in the world. Under our American system we have made it possible for our own people to consume 90 per cent of all we produce, but we want to plan to extend our market because, to keep our wheels of industry turning at home, it is necessary for us to buy in large quantities from other countries.

This is true in the production of steel and in our automobile industry. We have to buy all the rubber we use and we consume 65 per cent of the rubber produced in the world. Thirty different countries contribute the materials of which our telephones are made. Every country in the world contributes to our cosmetics industry.

We, in this international work, feel that the more we can do to bring about better understanding, the more we are going to profit because, as standards of living improve, other countries are going to demand more of the things that we produce in the United States. That is why we ask the cooperation of all our people.

American industry has contributed much toward bringing about our



Thomas J. Watson

great industrial development to reduce working hours and increase wages.

Going back into the early 60's we find that the working day was 15 and sometimes 16 hours and the average yearly wage was \$288. Since that time, up to 1929, the last full year of employment, the working day had been cut to 8 hours and the average annual wage had risen to \$1,325. Now

we are on the threshold of still shorter working hours and still higher wages.

I would like to pay tribute also to our form of government and to all those who have participated in running it in the past 147 years, because, as I look back over history, I find that, while every administration was criticized for its shortcomings, every one made lasting contributions to the success and development of this country.

That brings me down to the present administration. While I do not agree 100 per cent with everything that has been done and is being done, the general result encourages me.

It is our job as citizens to do everything we can to support the things we believe are sound and have lasting value. It is also our duty to help preserve and protect all the good things that have been worked out during the past generations, and to try to take the good of the so-called old order and the good of the so-called new order and weld them together into policies which will be to the best interest of everybody.



# Reopening Channels of Trade

**REVIVAL** of foreign trade as one of the essentials of recovery was stressed not only at a round table but at the International Chamber banquet and at two general sessions

**O**NE SIGN of returning faith in the future is the increasing interest shown by American business in the possibilities of foreign trade. That was made plain at the meeting when extreme economic nationalism was denounced and America's need for foreign markets was emphasized.

Pointing to the "ever-increasing drift toward economic nationalism, which has expressed itself in a constant growth of barriers to international trade," Cordell Hull, Secretary of State, characterized such a movement as "incompatible with the reestablishment of satisfactory prosperity." He said:

A rapid and drastic contraction of international trade of the kind that the world has witnessed during the past few years constitutes a double attack upon the economic well-being of each nation's population. The necessary materials habitually obtained in other parts of the globe become more difficult to obtain. The surplus national production habitually shipped to other countries becomes more difficult to sell. Output in the surplus-producing branches of production must be curtailed, or accumulating surpluses force prices below the level of remunerative return to the producers. In either case, the whole economic structure becomes disrupted.

Economic distress quickly translates itself into social instability and political unrest. It opens the way for the demagogue and the agitator, foments internal strife, and frequently leads to the supplanting of orderly democratic government by tyrannical dictatorships. Nations are tempted to seek escape from distress at home in military adventures. And, as fear of armed conflict spreads, even peace-loving nations are forced to divert their national effort from creating wealth to the construction of armaments. Each step in the armament race bristles with new menace of economic disorganization and destruction, multiplies fear for the future, and leads to greater impoverishment of the world's population.

In the past few months we have seen a



Cordell Hull, Secretary of State

swift increase in international political tension; an expansion of standing armies; a sharp increase of military budgets; and actual warfare in some portions of the globe. Human and material resources are being shifted in a military direction rather than one of peace and peace pursuits.

## The need for foreign trade

**THE** Secretary reviewed a number of the problems confronting our Government in the execution of its foreign trade program. That program, he said:

... is based fundamentally upon what to us is an indisputable assumption—that our domestic recovery can be neither complete nor durable unless our surplus-producing branches of production regain at least a substantial portion of their lost foreign markets. Our production of cotton, lard, tobacco, fruits, copper, petroleum products, automobiles, machinery, electrical and office appliances, and a host of other specialties is geared to a scale of operation the output of which exceeds domestic consumption by ten to 50 per cent.

The reciprocal trade method of bargaining, he said:

... affords us an opportunity to obtain in each country the relaxation of restrictions with respect to those of our export commodities the sale of which in that country's markets is either of special importance to us or else has been particularly hard hit by recently estab-

lished restrictions. It was in order to make possible the obtaining of such concessions for our export trade by negotiation with other countries that Congress empowered the President, for a three-year period, to conclude reciprocal trade agreements and, in connection with such agreements, to modify, within strictly defined limits, customs duties and other import restrictions operative in the United States.

The second primary need in the field of foreign trade, he said, is "the freeing and safeguarding of our export trade from adverse discrimination by foreign nations."

Our Government's firm determination to reassert the rule of equality of treatment has already gone far to slow down the world's recent drift toward discrimination and special advantage. We are doing everything in our power, through the trade agreements program and other channels, to induce the other great trading nations of the world to

adopt a similar attitude toward rehabilitating world trade. In such rehabilitation lies the greatest single hope that the world may still be spared the tragedy of another destructive upheaval. . . .

Through its trade agreements program, this country is providing its fair share of leadership in the world movement toward restoring mutually profitable international trade, and, as a consequence, toward improving employment, a fuller measure of stable domestic prosperity, and the only sound foundation for world peace.

A similar note was struck by James A. Farrell, Chairman of the National Foreign Trade Council, in opening the Round Table Conference on "Foreign Trade Policy." He said in part:

Frank recognition of international cooperation in trade is given by the Reciprocal Trade Agreements Act. This substitutes for unilateral action, in respect to our foreign trade policy, bilateral negotiation of trade agreements, with generalization of benefits to all countries not subject to penalties for discrimination against our trade. This conforms to the multilateral idea in trade by which all countries are reminded of their dependence upon world commerce.

The further principle underlying the national foreign trade policy as expressed by the Reciprocal Trade Agreements Act is that of equality of treatment for all countries. By these means the United States proclaims to the world that, while her economy necessitates adequate and reasonable protection against the products of cheap labor, freer ex-



change of goods and services is essential to the prosperity of every nation. Of importance also is that which freer trade brings in its train—freer intercourse between the nations and that better understanding which inspires confidence and good will.

Mr. Farrell discussed the relationship of the reciprocal trade agreement program to our trade with the British Empire as follows:

If the Reciprocal Trade Agreements Act had done nothing more than to re-establish mutually beneficial trade relations with Canada, its influence on the trend of world commerce would still be of the highest value to the United States. The significance of our agreement with the neighboring Dominion lies, not only in the trade increases anticipated, but also in the recognition thus given by this important member of the British Commonwealth of Nations to the principles embodied in the trade-liberating policy of the United States with its emphasis upon equality of treatment under the most-favored-nation clause.

Personally, I have long felt that the economic relations between Empire countries are basically similar to those between foreign countries and that, in time, in the interests of maximum world recovery, the intra-Empire agreements would have to be replaced by a more liberal régime generalizing concessions to all countries and based on principles similar to those embodied in our American trade agreements program.

### Most favored nation

IN A discussion of tariffs at the International Chamber dinner, Robert L. O'Brien, Chairman of the United States Tariff Commission, emphasized the importance of maintaining most-favored-nation treatment. Explaining the purpose of the most-favored-nation treatment, he said:

The first thing to be said is that it works both ways, that when we give the most-favored-nation treatment to other countries other nations in turn give it to us. That is extremely important. Without the most-favored-nation clause we might make a trade with a country that seemed felicitous and favorable to us, and then three months later that same country might make a trade with a third country, doing still better by that country than it had done by us. Such things have happened. They can't happen now.

In our recent compact with Canada, Canada's granting us the most-favored-nation clause was probably the largest single concession we got. Furthermore, we have most-favored-nation treaties with 33 countries which could be denounced or discontinued only by the serving of notice, usually a year. In other words, we are committed in 33 countries to the most-favored-nation system, whether we want to get out of it or not.

Mr. O'Brien also discussed the question of equal balancing of trade through exclusive bilateral bargains. He said:

A great many people say that we ought to make bilateral bargains, that is, bargains between ourselves and one other country. The stock illustration of where we are not doing that is Brazil. . . . We buy of the coffee-raising countries, notably Brazil, a good deal more than we sell to them, and so somebody says, "Why not get up a particular trade to compel Brazil to buy as much of us as we buy of her?"

This might be a good idea if we could limit it to Brazil and ourselves and did not let the other countries with whom the balance runs heavily in the other direction jump down upon the same idea. What would happen if countries that are buying from two to five times as much from us as we buy of them should say, "You are having a great time with your bilateral tariff bargains, you have just made one with Brazil, suppose you make one with us?"

Franklin Johnston, Publisher of the *American Exporter*, reviewed recent developments in the field of neutrality legislation and pointed to the hardships worked upon all exporters, not only the munitions exporters. He said:

The nation is satisfied to draw the profit from our export and import trade, to benefit from a 50 per cent exportation of our cotton crop, for example; to import the necessary rubber, tin and other commodities essential to keep our industries in existence, but the men who actually make these export and import transactions must do so at their own risk. We are willing to share in the benefits of their activities but, so far as their activities might lead us to assert our rights in international trade we are rather ashamed of them. . . .

The present Neutrality Act, which is a compromise, does not materially affect our export trade. The philosophy back of the desire for strict neutrality does interfere with some legitimate trade. For example, I have recently been surprised to learn of manufacturers who would ship no equipment to Italy which might be construed as to be used for war purposes, although perfectly legal.



John W. Bigham, President of the American Chamber of Commerce in Spain, snapped as he talked to a staff man between sessions. Representing American insurance interests, he has lived abroad 20 years

They are deliberately refusing to take business from Italy on the score either that their names might be published in the papers to their embarrassment or because they sincerely believe that they should send no equipment to Italy even if its war purpose is indirect.

Our foreign traders are the last people in the world to want to see this country drawn into another war. The legitimate foreign traders are the first to suffer from the interruption of world trade.

The interests of legitimate foreign trade are probably in better hands with the Executive and the State Department than they are with Congress. In other words, our interests are served best if Congress will give the utmost elasticity to the Executive and not make rules based on current conditions which may lead to unforeseen complications as new conditions arrive.

### Government aid to trade

THE practical work of the government in aiding foreign trade was discussed by Dr. Alexander V. Dye, Director, Bureau of Foreign and Domestic Commerce. In particular, Dr. Dye pointed to the

... remarkable concentration in all countries of the control of their foreign trade into the hands of the central Government, which contemplates the foreign commerce of the nation as a single unified effort in behalf of the entire population. This central organization has put in restrictions such as increases in tariff duties, import quotas, restrictions on foreign exchange, the common purpose of which was to reduce the imports into all countries and at the same time endeavor to promote the exports.

E. A. Emerson, President of the Armco International Corporation, and Charles S. Haight, of Haight, Griffin, Deming and Gardner, attorneys, discussed certain of the practical accomplishments in American international trade.

Mr. Emerson, outlining the methods by which his corporation had expanded its business overseas, urged more effective cooperation between business men and the government officials working in their interests. He felt that European competitors did this more effectively. He outlined the importance of care in determining merchandising policies, the importance of initiative and hard work by export personnel and the need for maintaining cordial relationships with the customers and people of foreign nations.

Mr. Haight cited as an outstanding example of the practical accomplishments of international cooperation, through the International Chamber of Commerce, the work accomplished in the adoption, world-wide, of one uniform law governing ocean

FOR NATION'S BUSINESS BY HAMMER



transportation. This work started in 1921 when the International Chamber of Commerce met in London. Mr. Haight reviewed its ups and downs until now, with the ratification by the United States of the Hague Rules, 75 per cent of all the ships in the world are either governed or committed to

the international rules and regulations thus established.

Mr. Willis H. Booth, Vice President of the Guaranty Trust Company, drew attention to the international cooperation of business men made possible by the International Chamber of Commerce—an instrumental-

ity of special significance today when international cooperation in the political field has failed to maintain a "constant feeling of amity between nations." The joint influence of business men upon government sooner or later, he said, is bound to have a potent influence.

# Our Canadian Relations

By R. C. MATTHEWS

President, Canadian Chamber of Commerce

**I**N economic relations the world is due for a reorientation. Nations must learn afresh to seek business, to find markets and to admit the products of other countries. The long agony of low prices and closed markets should end. Debtor countries must have the opportunity to sell to their creditors, if they are to discharge the interest on their funded obligations, and creditor nations must learn to recognize this fact.

It is true, and should be admitted, that some countries felt compelled by economic pressure to resort to greater measures of protection to provide against undue internal economic disturbance by the dumping of foreign goods upon their markets. If, however, these countries are to progress, expansion of their foreign trade, both export and import, is essential. A few years ago Canada came to a full realization of these facts, and reviewed her whole economic and financial position with special reference to those countries where her funded debt is so largely held.

For many years Canada has had trade arrangements with a number of foreign countries. Her most important effort to expand overseas trade has been, as one would expect, directed toward Empire countries. As a result, mutually helpful Trade Agreements have been entered into with other parts of the Empire, particularly the United Kingdom. In 1934 efforts looking to foreign trade expansion were directed toward our neighbor to the south, with whom we have so many economic ties, and led, November 14 of that year, to the Government of Canada making formal representations to the United States of a trade treaty stating that:

The Government of Canada is prepared to join the Government of the United States in a declaration that their common objective is the attainment of the freest possible exchange of natural products between the two countries.

It was recognized that this objective could not be fully attained in the immediate future as important interests in both countries would be disturbed by such action; but it indicated how a beginning could be made. An agreement has been entered upon since, and is now in operation. Whether the results will be wholly satisfactory to both countries remains to be seen, but certainly few will deny that these two friendly nations should study continually their economic relations, in a spirit of friendly cooperation for mutual understanding and mutual profit.

One could devote much time to reviewing, summarizing and advocating changes in trade relations. The arguments presented for reviewing the tariff barriers are, to my mind, almost unanswerable. Our social development is parallel, standards of living and working conditions are similar. Between these countries our tariffs are not devised to exclude the products of cheap labor and the disturbing effects of exchange disability in large part have disappeared. Where traditions and ideals of social and economic progress are so much alike, there is much to be said in favor of increasing our international trade.

But I attach even more importance to a different aspect of our relations. Commercial bargaining may have valuable results, but a sympathetic understanding, and an intellectual and ethical background are even more important in promoting our mutual objects, the greatest of which is peace. We seek to promote peace in peaceful ways, not by arms or by threats of war, but by commerce, and the interchange of ideas. In this interchange there is no possibility of dispute as to free trade or protection. The products of the mind and spirit know no bounds—no quotas, no barriers, no frontiers, no bargaining.

We turn from Government blue

books to our common literature and our common culture. Before our Canadian literature began, you gave us the writings of Emerson, Thoreau, Hawthorne, Washington Irving, Lowell and Longfellow, and these writings, arising from a background in all cultural aspects the same as ours, are as much our own as if they had been composed in Canada. Their authors sit at our firesides as well as yours. We gave you Judge Haliburton, the author of "Sam Slick," who is said to have inspired Mark Twain. Henry Van Dyke, through his travels in Canada and through his writings, based on his experiences, has made himself virtually a dual citizen, honored and admired in both countries. Canadians gave Bliss Carman to all North America.

## No tariff on learning

**I**N University development in the United States, we justly claim an interest. It is common knowledge that to Johns Hopkins alone, Canada gave Osler, and then his successor, Barker. Even the recently appointed President of the Johns Hopkins University, Isaiah Bowman, is a native of western Ontario. Jacob Schurman, former President of Cornell, and later United States Ambassador to Germany, was a Nova Scotian. I am credibly informed that thousands of Canadians are on the faculties of Universities in the United States. Many faculty members of Canadian Universities have had a large measure of their graduate training in the great Universities of the United States, and a number of your scholars may be counted amongst our Canadian professors.

I believe that this great cultural exchange is a feature of our relations, for which both the United States and Canada may be devoutly thankful. The mutual understanding that comes from it is in the heart and intellect of the individual and as both our coun-



tries are democracies where governments are but the reflection of massed public opinion, this common cultural background is a more potent force in promoting amicable relations than treaties and policies of governments which may lack popular support.

The hope for the world is surely based on this fusion of thought, which

is not without substantial basis. Not only have we the cultural inspiration of this continent, but the springs of our language lie deep in those little islands, washed on the one side by the cold waves of the North Sea, and on the other by the broad Atlantic. We have this common heritage and we are the repository of the splendid

achievements of the race, and we unite, under different flags it is true, for moral and social progress. Wherever these flags have been carried, freedom has advanced under their folds, law and order has been established and respected, and the common lot of the common man made brighter and less burdensome.

## A Business Aspect of Insurance

**I**NSURANCE leaders from the Fire, Marine, Casualty and Life insurance fields attended the Insurance Round Table Conference. Addressing this conference on the subject of "Providing Protection for the Employee," James E. Kavanagh, vice president of the Metropolitan Life Insurance Company, said 20,000 employers of labor in America have engaged the services of life insurance companies, enabling them to guide their employees into systematic and safe methods of providing insurance protection.

More than ten per cent of all the insurance carried by American life insurance companies today, he said, has been placed on their books by employers whose activities are in many respects similar to the agencies of an insurance company.

According to Mr. Kavanagh 6,000,000 men and women on pay rolls in this country have taken out life insurance, sickness insurance, hospital insurance, old-age insurance or all of these through the encouragement and facilities provided by thoughtful employers. Through this co-operation, the employees have, in many cases, protection which they could not or would not have obtained by their own volition. As nearly as can be calculated, life insurance companies have paid out in the past decade, through employer contracts of this kind, \$680,000,000 in life insurance and death claims; \$125,000,000 in disability claims; \$110,000,000 in accident and health claims, and \$25,000,000 in annuities or pensions.

In addition to insurance, Mr. Kavanagh pointed out other methods used by employers in providing protection for their employees. He referred particularly to hospitalization plans, to private hospitals and the new group annuity plans which insurance companies have devel-

oped in view of the Social Security Act. Dr. S. S. Huebner of the Wharton School of Finance and Commerce, in his address "New Insurance Needs of Business" directed his remarks essentially to the fire and property insurance field. He referred to the increased use of comprehensive policies which combine essential coverages for business and suggested the elimination of certain items from the insurance coverage which would be something of a departure from the time-honored principle of co-insurance and permit a concern to insure on a "stated amount basis"—after arriving at a fair insurable value.

Dr. Huebner also urged the fire and casualty branches to do what the life branch of insurance has done—set up a professional movement and a professional designation similar to the C. L. U. He suggested the adoption of a program in property and casualty insurance which, equalling the C. P.

A. and C. L. U. programs in comprehensiveness, would include study courses on the principles, practices and economics of the particular type of insurance which may be the subject of specialization. He stated the medium through which the plan could be applied and developed could be an "American College of Property and Casualty Underwriters." There was some discussion of this suggestion and the conference adopted a motion approving the matter and referring it to the Insurance Committee.

In discussing the "Insurance Aspects of the Motor Carrier Act of 1935" Edward J. Bond, Jr., vice president, Maryland Casualty Company, showed the importance of this legislation to the public, to the carriers themselves, the regulatory bodies and to insurance companies. It was Mr. Bond's opinion that the broad powers given to the Commission to act in the interests of safety and accident pre-

vention can be made the most effective instruments ever created for highway safety. From the public standpoint he asserted the Act is of tremendous importance, for two main reasons.

First, because of the provisions which assure the financial responsibility of the operators to protect the public against damages for which the carrier is legally liable.

Second, and most important, because of its possibilities in protecting life and limb on the highways.

If the Act results in the industry being operated on a better organized and safer basis, Mr. Bond states, the insurance companies will be far more receptive toward writing the risks than at present. Mr. Bond stated "it is estimated there are 250,000 separate motor carriers."

The chairman of the meeting was Justin Peters, President of the Pennsylvania Lumbermen's Mutual Fire Insurance Company.



Many delegates accepted the standing invitation to ask questions or voice opinions from the floor

FOR NATION'S BUSINESS BY HAMMER



# Federal Revenue Policies

By ROY C. OSGOOD

Vice President, the First National Bank, Chicago

**T**HE only way a budgetary condition can be improved is to reduce expenditures and increase revenues both. Practically all attempts since 1932 to improve budgetary conditions have centered on methods of increasing revenues (through higher taxes) rather than by reducing expenditures. The same effort spent on a determined policy to reduce expenditures would have produced sounder and more satisfactory results.

The federal budget situation must be considered as a whole—expenditures, taxation, with resulting deficits or surpluses. In bringing about a balance it may be advisable at times to pass on part of the expenditures to future generations by borrowing. It must not be forgotten, however, that borrowing increases the current need of revenue at least to the extent of the interest paid and is but postponed taxation.

A sound plan of budget balancing of our present period would be by reducing expenditures, bringing tax rates to a reasonable level and, eliminating inequitable features of the revenue legislation, increase the taxable base. If business were encouraged by a well-conceived fiscal program, it would come back faster to a more normal level, and the present broad tax structure and high rates would produce far more revenues than the Government has ever had, war times excepted, and far more than enough to meet all justifiable expenditures.

Business men, in their desire to see the budget balanced are prone to accept higher taxes as inevitable. They fail to appreciate the degree of increase in federal revenues. They overlook the fact that the deficits in the early years of the depression were occasioned largely by decreased revenues, and that later deficits represent increased expenditures. At the present rate of collection, revenues in the current fiscal year should exceed four billions and next year should exceed five billions without any new taxes. Nevertheless we will have a large deficit this year and are



FOR NATION'S BUSINESS BY HAMMER

Mr. Osgood addressing the general meeting

not assured of even an approximate balance of the budget next year.

Production of revenue has been by no means the sole purpose, and in some instances not the primary purpose, of revenue bills since 1932.

Consider, for instance, the so-called "loophole closing" characteristics of the Revenue Acts of 1932 and 1934. These measures in attempting to stop alleged tax evasions by a few taxpayers penalized the majority.

## Penalizing many to catch a few

CONSIDER a few examples of so-called "loophole closing." One is the taxation of all capital gains with serious limitations on the right to take loss reductions. As a result, many taxpayers must pay taxes on theoretical profit where no real profit exists. Another example is the artificial situation created by the elimination of consolidated corporate returns. Many business organizations are compelled, through the requirements of state legislation and the particular needs and character of their business, to have subsidiary and affiliated corporations. The real financial picture of such business organizations can only be presented by consolidated statements. Why

should they pay taxes based on artificial income produced through a prohibition of consolidated corporate income tax returns?

The provision placing punitive taxes on personal holding companies affected taxpayers who were not intended to be within their scope.

The original provisions for the elimination of taxes where no real profit resulted from reorganizations were sound in character. The present law on this point, however, is so involved and the resultant tax liability so uncertain as to retard many needed corporate reorganizations.

In the original income tax there was a substantially equitable relation between the tax on the stockholders' dividends and the tax on the corporation. In the various changes of the law, particularly since the adoption of the higher and graded taxes on corporate income, this equitable relationship has been destroyed. The result has been duplicate taxation on corporate earnings.

In the same connection, examine the rates of surtax on individual incomes and the estate tax rates. These rates, in the opinion of recognized tax authorities, have probably passed the point of maximum revenue productivity. To the extent this is true



they bear a social penalty aspect and not only fail to produce maximum revenues but reduce the base for future revenue by discouraging initiative and thrift.

Yet in spite of the emphasis on repression of tax avoidance they have left open the widest gateway of escape through the use of federally tax exempt securities.

### Regulation by taxation

THE 1935 Revenue Act introduced a new emphasis in federal taxation, that the taxing power be used openly and primarily to accomplish social or economic changes. The act's primary purpose was an attack on bigness.

The corporation tax became a graduated tax based on the size of income.

Excessive rates were placed on individual incomes.

Rates out of harmony with all principles of sound taxation were placed on estates. An impossible scheme of inheritance taxes was officially proposed but finally abandoned because of its patent unworkability.

The law includes provisions violating the confidential aspect of income tax returns through the publication of corporate salaries and the so-called "green slip" requirements.

The proposals embodied in the "Revenue Act of 1936," now pending, were based upon the President's message of March 3, 1936. This recommended legislative changes of great magnitude for raising gross revenue of more than two billions. Of this amount more than \$1,600,000,000 was to come from a novel form of corporate income taxation based on the amount of undistributed earnings. A "windfall" tax to yield \$150,000,000 was proposed in addition to temporary excises yielding \$367,000,000. Since taxes estimated to yield \$994,000,000 were recommended for repeal, the net yield of the new tax plan was expected to be \$1,137,000,000. The weaknesses of this bill have been earnestly pointed out.

I have discussed the characteristics of the revenue legislation enacted and proposed since 1932. A good deal might be said about the change in the attitude of its administration by the Treasury Department.

In the present period the entire attitude of the administration of in-

ternal revenue laws has been more adverse to taxpayers. Regulations that have developed reasonably and equitably over long periods have been abrogated; interpretations of the law based upon well recognized trade practices have been discarded; responsible bureau officials have been denied the exercise of sound discretion and straitjacketed by inequitable general rules. What can be done about it? The remedy seems difficult but in its essence it is not.

In the first place expenditures must be reduced. If this is done, business confidence will so add to the improvement that the existing tax structure will produce enough revenue for all reasonable needs. No satisfactory tax program can be devised to meet the present level of expenditures. The major defects in our tax legislation are not due to any one Congress or any one administration. The situa-



Henry I. Harriman, former Chamber president, and Fred H. Clausen, president of the Van Brunt Manufacturing Company, Horicon, Wis., caught in an attentive moment. Mr. Clausen, chairman of the Chamber's committee on Federal Finance, was one of the speakers on this subject. He has also contributed articles on this subject to recent issues of NATION'S BUSINESS

tion, however, seems to get progressively worse. Revisions have not been systematic but have represented piece-meal additions and subtractions. The excessive rates of tax make it difficult to draft any legislation and almost impossible to draft legislation equitable in general character.

Let us consider some definite major aspects of the law that call for remedy:

Consider the definition of taxable income. Taxable income frequently differs from true income. When rates are low this variant seems less im-

portant; when they are high the inequity is clearly seen. High rates emphasize the necessity of correlating true and taxable income.

The right to carry losses forward is vital in correlating true and taxable income. For years the statute permitted this and it helped business overcome the depression of 1921. Such a right given to the taxpayer would tend to average income over a fair period. It is not only equitable to the taxpayer but it would stabilize income tax revenues.

The right of corporations to make consolidated returns was formerly permitted in our law under close restrictions. When this right existed the consolidated return for an allied group of corporations more nearly correlated statutory net income with true net income. A consolidated statement presents the only method of determining real income for such a group.

The capital gain and loss provisions of the law are open to sound objection. Generally speaking, gains from transactions in capital assets are not true income and should not be taxed as income. Similarly, loss of capital is not a proper basis for credit against income tax liability. These artificial income elements in the law produce extreme fluctuations in revenue. The taxation of capital gains intensifies speculative inflation and impedes business recovery. In a period of rising prices the tax on realized capital profits restricts sales. This tends to decrease sales with a resultant added stimulus to prices. The present law, which grades the tax on time of holding assets, adds to inflationistic tendencies during the rising period and induces the holding of property to reduce the tax. As the law now stands it offers a most flagrant example of taking unfair advantage of the taxpayer by taxing capital gains and limiting the right to deduct losses.

In any rational program of taxation the surtax rates on individual incomes should be reduced. They are undoubtedly too high to produce maximum revenues and their reduction would, in the opinion of the tax authorities, produce more revenue. Not only do excessively high individual income taxes harm the fiscal program but they discourage incentive, and by working against savings and investment in business enterprise, destroy future sources of revenue.

The rates of the estate tax have reached a point where they are confiscatory in the higher brackets. Such



taxes must be paid from the estate after death, frequently at a sacrifice of assets. A person ought to be able to determine with some degree of accuracy what his estate will be called upon to pay so he can protect it by making suitable provisions before death for the tax payment. The rates should be reduced, kept stable, and, as soon as practicable, estate taxation should be returned entirely to the state revenue field, where it belongs.

### Tax insurance needed

TAXES are just as certain as death. If we can insure against the latter, then we should also be allowed, without tax repression, to insure against the former. If our tax laws were so adjusted as to permit non-taxable insurance against federal death dues, the Government would be assured of prompt payment of all levies and the owner of the estate could be more certain that after his passage the estate would not be depleted or entirely dissipated by forced sale of sufficient assets to pay taxes.

Another trend in federal tax legislation that has seriously affected our political and business structure is the federal Government's constant encroachment upon the sources of state revenues. The federal, personal and corporate taxes seriously limit the possibility of state revenues from these sources. The field of death duties, which by all legal theory and historical precedent peculiarly belongs to the states, has been largely taken over by the Government and the state rates have been "frozen" by the federal acts.

A large number of federal excise taxes duplicate state sales taxes. The gasoline tax is a particular illustration of this. A separation of sources of state and federal taxation should be worked out along reasonable lines of demarcation.

What is the real objective of the tax proposals of 1935 and 1936. The 1935 proposal was directed against size of incomes and estates of individuals and against size of incomes of corporations. The 1936 corporate tax proposal is aimed at the size of corporation income not distributed but retained in reserve for corporate purposes.

The 1935 graduated corporate in-

come tax established as a precedent a dangerously wrong and irrational principle of corporate taxation. Examine the result in two corporations. The first has a capital of \$10,000,000 with earnings of five per cent, or \$500,000. The second has a capital of \$500,000 with earnings of 20 per cent, or \$100,000. The first corporation having the smaller rate of return on its capital pays a higher rate of tax on its income. The factor upon which a graduated income tax might properly be based is that of the ratio of income to capital invested.

Why should corporate size be penalized by an income tax? To accomplish mass production and to render service for the accommodation of modern public demands, large operating units are necessary.

The 1936 proposal based upon the proportionate size of net earnings retained for business purposes, and not

tive. They are the savings of business, for stability of dividends during lean years; reserves against unforeseen losses; accumulations for expansion.

Why should the time-honored virtue of savings for a rainy day suddenly become anti-social?

Aside from our revenue laws the Social Security Act is estimated to add about \$300,000,000 to the nation's tax burden in 1936 and \$1,600,000,000 in 1937. These taxes are payable regardless of net income. The logic of the pending tax legislation is running completely counter to the principles of the Social Security Act. In times of prosperity, corporations would be induced to pay out all or most of their earnings and this would intensify a "boom" period. In the non-earning period corporations not fortified by accumulated surpluses must curtail production, cut dividends and dismiss employees thus creating unemployment.

It has been said that business doesn't want taxes. It would be as sensible to say that business doesn't want its own expenses. Of course business knows the need of supporting sound governmental expenditure by tax contribution just as it knows the need of meeting its own sound internal expenditures. Business, however, tries to keep its own expenses within sound and reasonable limits. Is it too much to ask that the Government do likewise?

### What business wants

WHAT business wants first is to see governmental expenditures brought to such a level that they can be supported by reasonable taxes. Included in government expenditures business contemplates a proper sum for a sound individual relief program. Business wants taxes which will not retard business stability and expansion; which will permit greater employment;

which are levied primarily to produce revenue and not mainly to effect economic and social changes; which are levied upon true and not fictitious income; and which are sufficiently simple and clear-cut that their amount can be definitely and accurately ascertained with reasonable effort. In short, business wants taxes which are sane and rational viewed from the standpoint of their practical application.



It's dangerous enough even with the net

distributed in dividends, is not only illogical and unsound but is dangerous to our existing and future corporate business structure. The entire proposal seems to be based upon a misconception of both earnings and surplus. Earnings do not consist of cash and are not generally found in cash at the close of a tax or accounting period. Surpluses may be partly in plant and equipment.

Surpluses are not sterile and inac-



# MEN

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# The Merchant's Responsibilities

By JAMES O. McKINSEY

Chairman of the Board and General Manager,  
Marshall Field & Company

**T**O UNDERSTAND the position of the American merchant in our economic life, it is necessary to have in mind the developments in our economic structure since the industrial revolution. We have traveled a long road to reach the specialized industrial organization of today. Once the family was a complete industrial unit, providing a finished product ready for the consumer's use and acting as selling agent for any surplus beyond the family's needs. In this type of organization, each member of the family was a craftsman who could perform all the activities performed by any other member. There was little or no specialization. In our present form of industrial organization we have groups of specialists each performing a comparatively minor part in producing and selling the product.

This type of specialization tends to promote skill in the performance of individual activities but it increases management problems, since it makes necessary the coordination of the activities of these specialists and the coordination of human activities is the most difficult with which mankind has to deal. Coordination of human activities cannot be accomplished by the use of static controls. Failure to recognize this had led to some of our most difficult problems.

## Coordination is complex

AS industrial units become larger, the problem of coordination becomes so complex that it is difficult to find executives with sufficient breadth of view and experience to supervise all the activities which must be performed. This problem has become more difficult as the ultimate consumer has been educated to desire an ever-increasing variety of products and services. No one manufacturer can produce all the products which must be presented. We have come to realize, therefore, the need for a selling agency separate from the producer who will collect products of various types, styles and designs from various producers to meet the customer's desire for something different.

In the period of rapidly increasing

population such as we had for nearly two centuries after the founding of the republic, the major problem of industry was to produce enough to meet the needs.

During the past quarter of a century the rate of increase in population has declined and there has been an increasing need to stimulate greater consumption in order to utilize the production facilities available. One of the agencies developed for this purpose is the American merchant. His purpose, therefore, is to stimulate and to satisfy the desires of the ultimate consumer so that we may use more effectively the production facilities which must be operated if we are to employ workers and provide a return on our capital.

## The merchant's job

THE American merchant is, therefore, an integral and useful part of our specialized industrial machine.

As such, he has responsibilities, the greatest of which is to give service to

1. Customers
2. Producers
3. Employees
4. Stockholders
5. The Public

It is the responsibility of the merchant to seek to ascertain the desires and needs of that class of consumers to whom he thinks it is wise to appeal and to strive to satisfy these in so far as it is ethically and economically sound to do so. As a representative of the producer it is his responsibility to seek to stimulate the desires of customers so as to increase consumption. Many important economic problems are involved in determining the extent to which this is wise. The merchant cannot proceed on the theory that it is wise for him to seek to stimulate purchasing power indiscriminately, but there can be no question that stimulation of the desire to purchase is a part of his responsibility.

The merchant is also the agency through which the goods of the manufacturer pass into ultimate consumption. If he fails in this, the manufacturer cannot survive.

The merchant, having intimate contact with the consumer, should be

able to translate his desires to the manufacturer so that the latter can produce those goods for which there will be a ready sale. After the goods are produced the merchant must share with the manufacturer to some degree the responsibility of placing these goods in consumption.

The merchant and the manufacturer must realize that they have a mutual interest. Neither can survive without the other. Each is unwise if he seeks temporary profit at the expense of the other.

I believe it is inevitable that unless we minimize the warfare between the different units of our industrial organization we will continue to create situations which will enable the opponents of the capitalistic system to restrict further our freedom of action.

As to employees, the merchant in the larger mercantile units must depend to a greater degree upon the initiative and judgment of his employees than does any other class of entrepreneur. It is impossible to control the purchase of styled merchandise by exact rules. The buyer must be given considerable latitude. Those responsible for sales must be given considerable freedom.

## What workers want

UNDER these conditions it is most important that the merchant has a personnel not only of ability but activated by responsibility and loyalty.

There has been much discussion recently as to what the working classes desire from their employers. Many have contended that the two major desires of the working classes are a living wage and security of employment. I cannot subscribe fully to this belief. The inmates of a prison have both of these requirements, but I have heard no one contend that the most efficient and best-satisfied employees are found in prisons. I believe that the typical mercantile establishment employee desires far more than these two things.

He desires to be an integral part of a group which is seeking objectives in which he believes and he desires as much freedom as possible in de-



veloping his own individuality as a member of this group. One of our major problems is to develop that type of organization which will provide sufficient control to obtain a coordination of activities and at the same time give sufficient freedom so that those who are capable may have an opportunity to develop their initiative, resourcefulness and ingenuity.

Unless the merchant can develop this type of organization, he will not be able to give proper service to his customers, to manufacturers or to his employees.

### Stockholders help

IT seems obvious to us who believe in the capitalistic system that the merchant must also recognize his responsibility to serve his stockholders by preserving the capital they have invested to his care and earning a reasonable return on this capital. It seems to me that he cannot render proper service to stockholders from the long-run point of view unless service is first rendered to the first three classes.

In considering many problems the point of view of all these classes must

be considered at the same time, but the merchant must always recognize that his primary responsibility is to perform efficiently the service which customers, producers and employees have a right to expect. If he cannot do this and at the same time earn a satisfactory return on the capital invested, then he should cease to operate for he does not perform a sound economic function.

The primary purpose of the capitalistic system is not to earn profits for capitalists. Its primary purpose is to serve the public. Those of us who believe in a capitalistic system favor the earning of profits as a reward for efficiency in the use of capital not because we believe this is the primary purpose of the system, but because we believe that by the earning of such profits the efficiency of the system is so increased that it serves the public better than it would if there were no profits.

Some would-be social reformers are accustomed to discuss the relative merits of "producing for profit" and "producing for use." The implications of this phraseology are misleading. All production is for use. We do not produce for profit under the

capitalistic system; we merely pay profits for certain services rendered in the production process in the same way in which we pay wages for certain services rendered in the same process.

### Profits mean benefits

IF those of us who believe in this type of organization are to maintain our position against its opponents, it will not be because of our insistence that the capitalist has any inherent right to earn profits, but because we are able to demonstrate that, by the granting of profits, we obtain greater benefits for the public.

If the merchant is to fulfill these responsibilities, it is necessary:

1. That he consider his problems from a broad point of view. He must realize he is but a unit in the economic organization built to serve the economic needs of society. He must realize that his future depends upon the extent to which he performs a useful service and that he must be willing to cooperate with other units of the organization to enable it to serve the public so that it can continue to exist.

2. That he approach his problems from the research point of view, continuously seeking the knowledge and experience of

## Toward a Healthier Nation

**D**R. THOMAS PARRAN, Jr., Surgeon General of the United States presented awards to the winners in the 1935 City and Rural Health Conservation Contests. Dr. Parran said "reducing losses from unnecessary illness and untimely death makes any community more prosperous and lessens human suffering." Two hundred thirty-four cities competed in the 1935 City Health Conservation Contest which the Chamber conducts in cooperation with the American Public Health Association. The following winning cities were presented with bronze plaques by Dr. Parran after he had outlined some of their outstanding achievements: Detroit, Mich.; Oakland, Cal.; Syracuse, N. Y.; Schenectady, N. Y.; Brookline, Mass. and Hibbing, Minn.

He next presented the trophies to the winners in the Rural Health Conservation Contest. The items on which entrants were graded in this Contest were similar to those for scoring cities, except that problems peculiar to rural

areas were particularly emphasized, such as safe water supply and disposal of waste for schools and tourist camps, as well as the preventive and protective measures included in a well developed public health program applicable to all communities. This contest was limited to counties and districts having full health services. One hundred sixty such counties or districts were enrolled. Expenses incident to the

Rural Contest were borne by the W. K. Kellogg Foundation of Battle Creek, Mich. The winners in the six divisions were Westchester County, New York; Davidson County, Tennessee; Glynn County, Georgia; Shawnee County, Kansas; El Paso County, Texas and Santa Barbara County, California. The photo shows the Detroit delegation accepting its award. Dr. Parran holds the right side of the plaque.





all those engaged in economic activities insofar as this knowledge and experience is applicable to his concrete problems. He must seek to forecast the trends of economic, social and political conditions and to determine the effect of these on his specific problems.

3. That he develop a form of organization which coordinates specialized activities, but also permits as much freedom as possible for the individual members of the organization.

4. That he develop a type of personnel

which would be inspired with the broad point of view and at the same time be efficient in dealing with the concrete problems of every-day business life.

5. That he realize that the primary essential for constructive action in a constantly changing world is broad-minded, energetic thinking.

This may seem to some to be an idealistic program. But times are sufficiently serious to necessitate heroic action by those who believe

that the public good will be served better by an evolutionary rather than a revolutionary process of changing our economic life.

If we do realize that there is need for such action I believe that we will better obtain our objectives by spending some time gazing through an economic telescope rather than by concentrating on a study of our balance sheet alone.

## Distribution Problems Today

**K**ERWIN H. FULTON, President, Outdoor Advertising Incorporated, New York, opened the round-table session on "Distribution Problems Today" by tracing the development of distribution methods from the crude trading of generations past to the specialized outlets of our own times. He said:

The itinerant merchant who carried his goods from house to house and from town to town is a relic of the past. Improved products and services have demanded improved methods in distribution. Sometimes existing channels have been adapted to those changed conditions, but more often entirely new channels have been created.

Advertising has become an important part of distribution. It is largely responsible for mass selling which sustains mass production and brings to the consumer better products and better services at low cost.

Years ago the merchant performed the entire function from a producer to the ultimate consumer. It is different today. We have today the wholesaler, the jobber, the broker, and they have to justify their existence by rendering real service.

We have competition today in distribution, competition between one grocer as against another, one furniture dealer as against another, and we have competition of allied enterprises. The restaurant owner is in competition with the drug store and the electrical appliance dealer is in competition with the furniture department that sells electric refrigerators and radios.

Prevented by illness from addressing the meeting, Frank H. Neely, General Manager, Rich's, Inc., Atlanta, Ga., contributed a paper on "The Distributor—His Relations to the Public." Referring particularly to the place of department stores in business life, Mr. Neely said:

The department store is the very lifeblood of the community it serves. As such it must do broad human service to awaken human appeal. No political group displays more care for its people than does the department store.

The retailer not only distributes "wanted" merchandise, but he assumes the responsibility of educating the public in good taste. Since his leadership is one of

responsibility to the public, the good distributor must aim for the lowest possible cost of operation. As he bears the banner of scientific management into his organization, its protection will provide high wages to his employees. Internally he must be a good operator, watching every item of cost.

Externally he must be attuned to the myriad attacks that increase his cost beyond his direct control, those imposed by external political forces. Constantly he must watch any laws or regulations that unnecessarily increase the cost of merchandise. He must consistently set his face against the ever-increasing cost of taxes.

The statement just released by a large Boston department store shows a net profit of \$671,968. However, it paid total taxes of \$766,337 which had to be earned before it could earn one cent of profit.

These taxes should meet with stubborn resistance. The distributor is paying out the public's money in taxes, and he has not yet risen to his full responsibility in the use of the money that he so spends.

### Independents are safe

**THE** ability of independent merchants to meet chain store competition and to gain business more rapidly than the chains was pointed out by Carl W. Dipman, editor of *The Progressive Grocer*, as ample evidence that independents needed no anti-chain legislation. Discussing "The Distributor—His Relations with Competitors," Mr. Dipman said:

In the food business we have had the problem of the chain versus the independent ever since the World War, and oceans of tears have been shed over the plight of the small distributor. In the beginning the chains rushed ahead, and, on the whole, they had a right to, because our cost of distribution was too high. In about 1926 the best minds in the industry started turning their attention to better merchandising. It was then that independents really started to make progress. By 1928 the chains' rush slowed down to a walk. For more than three years, now, independents have led the chains and have cut into the chains' volume.

Is it any wonder, then, that some of us get a bit nettled when independent merchants are pictured as a dejected, broken-down lot of business derelicts. Many of us who have spent years trying to

help independent merchants resent these aspersions, and we are sure that thousands of independent merchants who are carrying their heads high resent them too.

A new spirit prevails among independent retailers. Tens of thousands of them are doing a better job of merchandising. One hundred thousand of them have built better, and in many cases, larger stores, have a better control of their credits, do better advertising and now make a better consumer appeal. Many new faces have entered the field, many of whom have built large markets that have an operating expense as low as and sometimes lower than those of their chain competitors.

The mutuality of interest existing between each segment of our distribution system, from producer to retailer, was sketched by H. K. Poindexter, President, H. T. Poindexter & Sons Mdse. Co., Kansas City, Mo., in presenting the topic "The Distributor—His Relations with Suppliers." Because the depression closed banks and dried up the flow of credit from consumers to retailers to wholesalers and so down the line, many retailers were forced out of business. "As a consequence," Mr. Poindexter said, "many small towns in the Middle West now have an actual need for independent merchants to come in to do business."

Wholesalers and others who supply such merchants can greatly aid them through intelligent policies, he said, and added:

The individual merchant, the independent merchant, needs all the help and cooperation that wholesalers can possibly give. In our own case, we have gone out of our way to supply our customers with advertising matter, advertising campaigns, suggestions for store display, instructions in sign painting, store arrangement, lessons in salesmanship, in cost accounting and various other helps.

The chain stores have such matters well systematized and this increased efficiency can only be met by the cooperative effort of the wholesale distributor and the independent merchant. In our own business we held up our volume during the depression years primarily by increased assistance given to the inde-



pendent merchants who are our customers.

The competition of government relief agencies with established channels of distribution came in for criticism. Mr. Poindexter said:

Millions of yards of textiles are being purchased by relief agencies for free distribution, either as cloth or as garments prepared in public sewing rooms. Even styles are being affected.

The man working does not like to buy a blue chambray work shirt any more. He wants to wear sand-colored shirts, or sage green shirts. The self-respecting working man doesn't like to wear a blue chambray shirt. He doesn't want to wear the emblem of pauperism.

That is forcing a change in the style of the work garment. That has taken place because of the stigma that is

placed upon the distribution of commodities by the Government.

The same thing applies to dresses. Garment manufacturers are trying to change the styles as quickly as they can to get away from the styles that the sewing room workers are using because the people won't buy the kind of goods that are being given away.

Lack of information among consumers regarding costs and functions of distribution was mentioned by Eric A. Johnston, President, Brown-Johnston Company, Spokane, Wash., as one of the contributing factors to current interest in consumer cooperatives. If those engaged in distribution fail to justify their existence by giving consumers satisfactory mer-

chandise at reasonable prices, there will be the constant pressure to erect new channels for marketing the products of farms and factories.

Interest in the cooperative movement was expressed by delegates representing lumber, fuel, foods, and department store lines. So long as cooperatives compete fairly with established businesses, business men are ready to justify their own methods of operation through increasing efficiency. When one form of business gains advantages in the form of tax-exemption or other subsidy, business men will expend their energies toward placing competition on a fair basis.

## Rebuilding Our Cities

THE round table, "Rebuilding Our Cities," under the Chairmanship of A. P. Greensfelder of St. Louis, and attended by 170 delegates, brought out in its addresses and discussions general agreement that residential construction is essentially local in character and that vigorous local action is needed if the country's housing standards are to be improved. Walter S. Schmidt of Cincinnati, the first speaker and a former President of the National Association of Real Estate Boards, stated this conclusion:

Acute shortage in housing does indeed exist; nor is it improbable that, by a well organized movement, the greatest of new needs can be created, built upon an old but unfilled one—adequate, attractive housing for all this nation's families. Prosperity may return with such revival of construction as is already under way, but that revival can be promoted and forwarded, the stability of the new well-being better assured, by seeing to it that our principal urban centers are planned properly for the future, that logical patterns are provided to which private enterprise will cut its cloth as it rebuilds and extends metropolitan areas.

Blighted areas, what causes them and the pressing need to devise practical methods to induce their rehabilitation and gradual rebuilding were subjects which stood out prominently.

"The expansion of transportation facilities," said Charles F. Lewis of Pittsburgh, "and the progressive decay of urban residential neighborhoods together have been draining our cities of population and taxpaying capacity."

He added:

It is no longer important to argue over cause and effect. It matters not whether blight has come to urban neighborhoods

because of departure of families attracted by motor roads and automobiles to the suburbs and beyond, or whether the insistent spread of blight has forced these families out against their will. The fact is that blight has spread with alarming speed from neighborhood to neighborhood until today every city contains large areas virtually abandoned by families capable of sustaining themselves and bearing their share of the cost of local government. A continuance of present trends threatens further heavy curtailment of tax revenues and eventual municipal bankruptcy.

The improvement of depreciated neighborhoods and the development and protection of good neighborhoods are, therefore, one of the most important problems to which any city today can address itself.

### A program for housing

MR. LEWIS, who is the Director of the Buhl Foundation, which developed, as an investment, Chatham Village, rental project for white collar workers in Pittsburgh, urged a threefold program:

First, let business encourage more adequate zoning legislation and laws designed to promote district neighborhood cooperation for neighborhood protection.

Second, let the governments destroy slum housing; and

Third, let private capital, on a sound investment basis, build large-scale planned communities designed to be managed as income-producing properties which are inherently as nearly blight-proof as is possible to contemplate.

Such a program is distinctly American. It is evolutionary, not revolutionary. It follows natural economic laws rather than supernatural political panaceas. If such a program can be partially realized in the next generation in America, it will be because we prefer a socialized conscience to a socialized state. This program can be realized. But there must be patience and a recognition that blights accumulating over generations cannot be wisely nor lastingly corrected overnight.

Emphasizing the need for local initiative and local action, L. A. McLean of Louisville stated that an actual shortage of livable dwellings exists throughout the country and also that there is no doubt that homes can be financed now more easily and more cheaply than ever before. He said:

Without ample mortgage money there can be no building program on the scale warranted by known conditions. This money can be quickly put to flight by the effort of the politically minded to drive downward already low interest rates and by what appears to be the program of the "powers that be" to accomplish a national policy of lending so liberally as to throw overboard all the lessons which experience has taught trustees and all other reputable mortgage lenders.

Ernest T. Trigg, President of the National Paint, Varnish and Lacquer Association, referred to the program of the National Housing Advisory Council, a non-partisan group composed of members of business, financial and industrial associations, having an interest in the long-range privately financed home-building program. He said:

The objectives of this Council are: first, to unify the building industry for selling a nation-wide housing market; second, to encourage and develop the effective selling and advertising activities by all members of the building industry; third, through the cooperation of members of the building industry to do everything possible to insure that the machinery now available in the form of existing government agencies and business associations and their established channels of production and distribution shall operate smoothly and efficiently to sell the housing market; fourth, to advise and to cooperate with the Federal Housing Administration, and other agencies concerned with a long-range privately financed home building program.



# The Blessings of Liberty

By WILLIAM L. RANSOM

President, American Bar Association

WHEN the Constitution of the United States was written, the climax of its purposes was stated, in its preamble, to be

to secure the blessings of liberty to ourselves and our posterity.

The founders of our Government thought of liberty as something to be made secure for all time to come. When newcomers entered our land they saw in the Constitution and laws of the United States the protection and the blessings which had been their hopes and dreams. In later years, we for whom the fathers builded came to take the blessings of liberty and their continuance pretty much for granted without even taking pains to understand what they are and what they mean.

Recent events in many countries, including our own, have brought us face to face with the questions whether the American ideal of liberty under law can and will be preserved and, if so, in what manner and by what course of action. The time is at hand when the American people will re-examine fundamentals of their government, their institutions, their laws, and the structure of business and employment, and will decide whether they wish to make radical changes in them. The rank and file of the people are already beginning to think about these things. They are eager to hear the reasons which underlie the American form of government and the American ideal of opportunity for the individual. They wish only to have these matters put before them in clear and simple terms.

At such a time it seems to me the high duty of business men, members of professions, and all thinking people to take the lead in discussing the impressive story of America and the blessings of our form of government.

The need for this is beyond doubt.

European ideas of arbitrary government have already been taken up here by active minorities.

I do not think there is great danger that drastic change will come in this country against the will of the people. There is greater danger that the change will come in the mood and minds of the people, long before it is reflected in our fundamental law.

Let us look at the facts. The conditions which concern us did not originate with any one man, or any one political party; they will not be ended with any one administration.

For more than 20 years, we have from time to time taken steps away from individual rights, human liberty and the course of government ordained by the Constitution.

These steps have been applauded more often than they have been challenged, for they have been deemed

to operate so far for the benefit of the many against the few. The rank and file of the people have not yet realized that the same trends may take away their rights as well, as Hitler, Mussolini and Stalin have done in other lands.

Nor are these conditions peculiar to our national government. Many of the same trends have been at work in state and local governments.

We are charged with some duty and responsibility in this great issue. We ought to recognize that this trend has originated in a desire to correct some of the abuses which have crept into our economic and political systems.

The rank and file of our people have desired that this should remain a land of happiness and opportunity, and they have been pre-disposed to plans offered in the name of a greater equality of opportunity and security.

We may recognize that dictator-

ships abroad have brought no solution for depression, but we of American business and the professions should not, by returning a purely negative and obstructive attitude to all proposals for social justice, make more difficult the task of working out solutions within our Constitution and the spirit of our laws.

Solutions must be found by American enterprise, in part with the aid and encouragement of government; they must be found within our existing form of government if possible; but we may as well recognize that they will be found, and that failure might make easy the triumph of those who would have America follow in the footsteps of Russia, Germany and Italy.

What appears to be the long-run significance of what has been taking place in the United States? How does it fit into the history and development of our institutions and our laws? What should our people understand about it, as the background for their great decision?

## Limits of arbitrary power

A STARTING point may be found in early English history, where were laid the foundations of free government as America has known it. Arbitrary royal power was brought to bay on the meadows of Runnymede, in 1215. Representatives of the barons, church and people demanded security of rights, which neither King nor supine Council nor Parliament could disregard. The outcome was the Great Charter, which went round the world and became the Charter of liberties for men of all races, languages and lands.

The basic concept was that the individual was and is possessed of fundamental rights; that these rights may not be taken away or impaired by government; and that government should be of laws and not of men. Outstanding among the rights vouchsafed was assurance of free men against arrest, imprisonment, exile, seizure, or other invasion of personal freedom, "except by the lawful judgment of his peers or by the law of the land."

When the early American colonies



William L. Ransom



obtained or drafted charters of their government, the hard-won principles of individual rights were written into the basic law.

When the Constitutional Convention of 1787 submitted a Constitution which omitted specific declaration of some of these fundamental rights, state after state proposed amendments or proposed to attach such declarations as conditions to its ratification.

### Liberty is guaranteed

OUR Constitution thus set up guarantees of individual rights and liberties, which could not be contravened by the legislative or executive branches of government and could be changed only by the people.

Now, measures are initiated which many believe to infringe and impair some of the most valued of the guaranteed liberties of individuals. These measures are challenged as violating the law of the land.

With us, when an innovation is enacted into law, the first question is of validity, not practicality. The distinctive feature of our system is that the federal courts are called upon to interpret and enforce the fundamental law, and to adjudicate the validity of legislative and executive action in the light of claimed repugnance to the Constitution. In enforcing the fundamental law, the courts are only giving effect to the deliberate will of the people, but, instead of changing the fundamental law, it is proposed to take away the powers of the courts to enforce it. Those who seek this method are doubtless aware that the people would not vote to change their fundamental law, no matter how insistent has become the desire of some people to spend their time in controlling other people.

These may be termed the legal aspects of the present debate—what are its economic and social phases?

The issue has been indicated by some in about these terms: The economic, industrial and social fabric of the states has been built on the principle and practice of private ownership of property, private enterprise, individual thrift, and the so-called profit motive. Enlightened self-interest, with public control in social aspects, was deemed to be the proper motivating force of life and government.

Now some propose to substitute a new social structure, and to eliminate for the most part the profit motive and the ambition of the individual, as social

and economic forces, all in favor of some concept of the welfare of the people as a whole.

Private ownership and enterprise are to be supplanted with nobler visions of wider social planning. The lives of thousands of people are to be transformed according to the beneficent plans of central government. Everything a man could want, as government sees it, is to be supplied to some men at the expense of many. The new art in government appears to be to promise and to give sufficient quantities of other people's money to enough people to form a safe working majority at the polls.

Some who are dissatisfied with the restraints our Constitution imposes upon government propose that it should be amended. Submission of an amendment is the orderly and lawful way. Its merits would be decided by the people. The Constitution has been amended before, and will doubtless be amended again, but it is a serious thing to amend the Constitution in broad and general terms, to take down barriers to governmental action and to disturb fundamentally the historic balance of powers between federal and state governments.

Some opponents of the present form of our government seek to impair it by indirection and to clear the way for arbitrary power without letting the people decide for or against amendment. Without changing the Constitution, they seek to find a way to take away the powers of the Court to enforce it. They claim to have found such a way, through an Act of Congress abridging the jurisdiction of the Courts. The Con-

stitution would be left as it is, on paper; but no citizen could claim its protection.

If this plan were carried out, the rights of freedom of speech, freedom of worship, immunity from arrest and seizure without warrant would be beyond court protection.

The Congress could pass a law that no red-headed man could have a job, that no employer could vote, that no worker could belong to a trades-union or that every worker must belong to a trades-union.

These things seem impossible to us now, but they seemed just as impossible in Italy or Germany a few years ago.

### It is all or none

WE all should understand that if any man's rights and liberties are made unsafe, then from that day on, no man's rights and no man's liberties are safe.

The time has come, it seems to me, when thinking men and women of all stations in life and all political faiths should realize that extension of arbitrary power should be combated wherever it appears, even though the particular instance may appear to be relatively minor.

I do not for one moment believe that a majority of our people are ready to give up the rights and liberties guaranteed by the Constitution, and seek a substitute in some form of personal government and the supremacy of arbitrary power. Nor do I believe that a majority of our people are ready to cast aside economic freedom and individual independence which have been the characteristics of American life. But wishes and hopes and beliefs of individuals will be of no avail in this matter, unless they are soon translated into an alert and vigorous national faith, which holds strongly to the fundamentals of the American system while accepting such changes as may be proved to be consistent and necessary in the light of experience.

Why are the accustomed voices of national faith so silent or confused? Has disillusion come, and with it a numb, defeating sense that America no longer has a destiny of devotion to liberty and justice under law?

The answer rests with those who have the ability to explain American institutions and our ideals fairly and clearly to the people. With their verdict, we shall be content because the deliberate will of the people is the supreme law of free government.



John J. Raskob reads a report of a previous session while waiting for the program to begin

FOR NATION'S BUSINESS BY HAMMER



# Federal and State Responsibility

By FITZGERALD HALL

President, Nashville, Chattanooga and St. Louis Railway



FOR NATION'S BUSINESS BY HAMMER

Mr. Hall (left) and Mr. Lapham (right), speakers at the same general session, confer with President Sibley

**W**HAT is this "Federal Union"? Is it worth preserving? What are its component parts—what relation do they bear each to the other and all to the whole—what are their collective and individual responsibilities?

Why these inquiries? Because a voracious officeholding class, affiliated with all political parties, would persuade us to set sail on an uncharted sea in a new Ship of State without fixed guide or compass.

This challenge by public servants to popular government has powerful officeholding support—it is not without precedent—and not wholly devoid of reason.

It is, of course, true that the form of any government is not all-controlling in its effect, good or bad, upon the people. Patriotic men throughout the ages have differed as to the best form of government.

In this country, Alexander Hamilton and his adherents favored centralization of power at the seat of the federal government.

Thomas Jefferson, on the other hand, believed that the people were more competent to run their own affairs than the officeholders. Distribution of power—local self-government—was his object.

Our forefathers concluded to establish a form of government which avoided the potential excesses both

of a highly centralized state and of a pure democracy. So, by the Constitution, they established what is called a republican form of government. That form, in some features, was similar to many governments of the Old World. But in two important particulars, at least, it differed materially from any form or system theretofore established.

## Local powers were reserved

IT MUST be remembered that, when the present Constitution was ordained, 13 separate and sovereign governments existed. To maintain the benefits of local self-government, and yet to have a strong common agency, to manage problems common to all the several states, was the basis of the American system of dual sovereignty. Under this system, the common agency, the federal Government, has no inherent power and may exercise only those powers which the states specifically delegated in the Constitution. All other powers were reserved to the states or to the people.

The founding fathers knew the imperfections of mankind. Therefore, they declined to repose complete power in any official or group. So they established the famous "checks and balances" of the American system.

The administrative branch was

given certain powers, but these were subject to check, first, by the legislative branch, and second, by the judiciary. They knew that the legislative branch could not be entirely trusted, so they subjected that branch, first, to the veto power of the executive, and, second, to the scrutiny of the judiciary.

Then they established the second wholly novel feature of the American system, a permanent, non-political Supreme Court, with power to apply the Constitution to every administrative and legislative act.

So under our form of government we have:

(a) The several states—each a complete sovereignty save as it has specifically authorized the federal Government to act for it in certain matters.

(b) The common agency—the federal union—has only limited powers over matters of general concern, such as interstate and foreign commerce, money, the postal service, war, and foreign relations. It has neither responsibility nor power to regulate or control the health, education, morals, and general social and economic condition of the citizens. It is not the master of the states, only their servant and agent.

(c) The people have carefully avoided depriving themselves of the power to alter, abolish, modify, or amend the organic law of any constituent member of this dual sovereignty or their common agent, the federal union, and have specifically provided the exact machinery and procedure for so doing. Modification in any other way is a naked usurpation of power and a breach of public trust.

(d) This form of government was deliberately designed to guarantee the people, first, the maximum of freedom in their own private affairs, and, second, the greatest protection against the officeholding classes. This form is not the most economical nor the most efficient, but it is the most perfect system yet devised to protect the people from the ambitions and follies of their temporary public servants.

If, then, our form of government be so excellent, why have the American people been subjected to such disheartening vicissitudes? The answer is not difficult. First, the impairment by the officeholding class and their hangers-on of the people's right of suffrage; second, the general lack of capacity, courage, and patriotism of the average officeholder, other than the judiciary, of whatsoever political



faith, and, third, the deliberate refusal of public servants of all parties to obey the clear mandate of the people set forth in the Constitution. Let me elaborate this answer:

First—Business men, as a group, have, for several years, been indicted by the politicians and the demagogues before the bar of public judgment as being everything they should not be. That there are rascals among us, none know better than we. But, happily, the proportion of such undesirables is small. But let us reverse the customary procedure by examining the record of politicians in general. Here are the facts.

Registration records are falsified, ballot boxes are stuffed, votes not properly counted, public funds misappropriated, the savings of the people squandered for political purposes, elections deliberately stolen.

The right of suffrage is the *sine qua non* of popular government—yet the American people, generally speaking, are permitted merely to vote for politically handpicked candidates. Our two great national parties are really two close corporations. The entire party machinery, generally speaking, is controlled by the federal officeholding aristocracy, aided by professional politicians in the several states. Neither party can ever justify the entire confidence of the people until each provides that no public official, federal or state, can be a delegate to any local or national convention.

By continued impairment of civil service the public service has been rendered not only more expensive

and inefficient, but positively corrupt.

And to prevent the people from protesting against political spoliation, the most inexcusable tyranny is being exercised by investigating committees and federal bureaus who do not seek the truth, but whose aim is rather to destroy those who dare oppose them.

Second—We have had and have today in the legislative and administrative branches of government some of the ablest and most patriotic characters in the nation. But when we consider the number of such men of ability, courage, and character in proportion to all public officeholders, the result is startling and discouraging.

### Inefficiency of politicians

HOW many of you business men would be willing to turn over the management of either your private or business interests to the men you know in public office?

Municipal government has, generally, been not only extravagant but in open alliance with some of the worst enemies of society. Relatively few states of which I have any knowledge have been run in any degree comparable to that of an ordinary business.

How many men do you know in the present federal Congress and in the two preceding ones who personally approved all the measures which they either sponsored or voted for?

It is no weakness in the American form or system, but a woeful lack of proper official personnel which threatens to wreck the greatest system of government yet devised.

Third—We hear constant talk about the supposed breakdown of the old order and the defects of the American system. Who are those who say such things? Largely the politicians. What are the facts? There is nothing the matter with the old order and nothing the matter with the American system, either governmentally or economically. It is the abuse thereof which has brought us to our present unfortunate situation—the deliberate failure of the constituted authorities—local, state and national—to confine their public activities within the clearly defined limits set out by the people in the organic law of the nation. Let me be a little more specific:

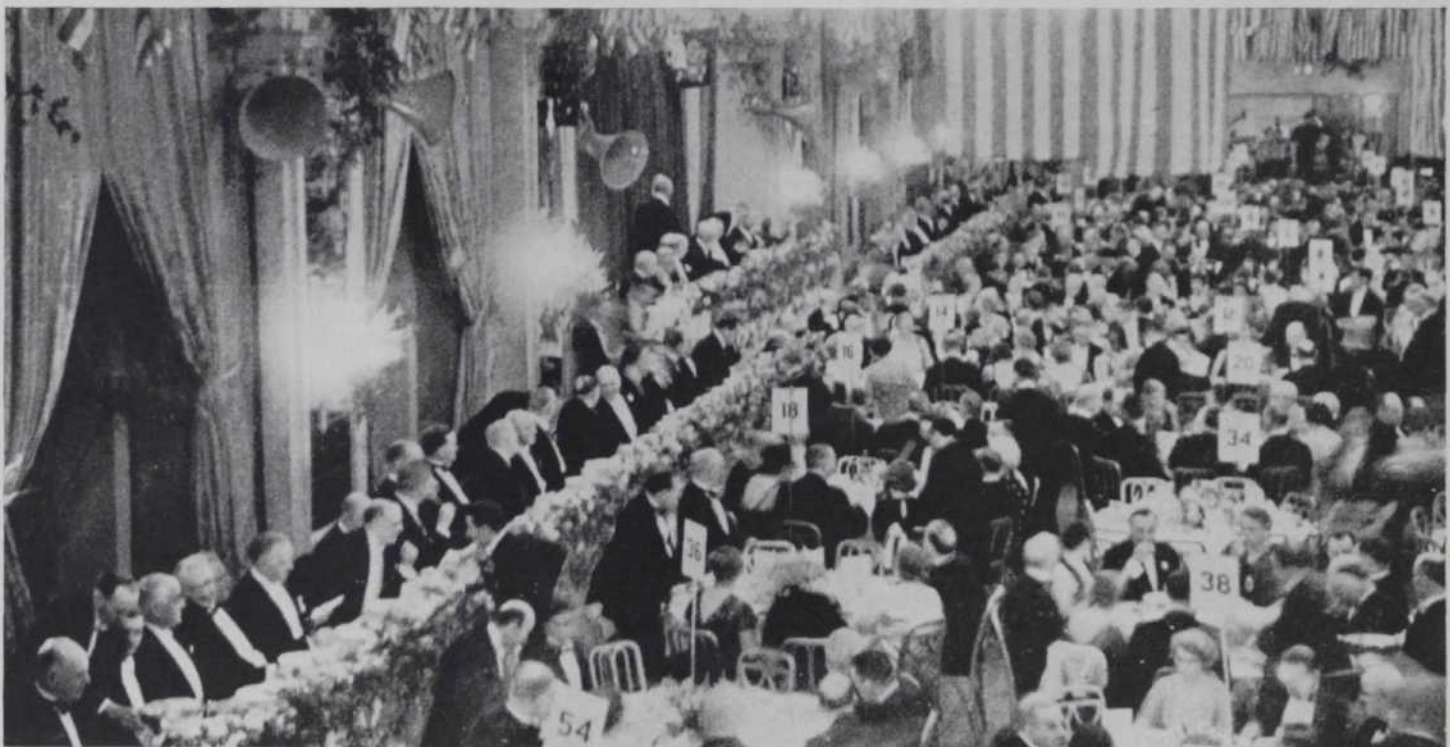
(a) The Congress has appropriated billions to be used practically at the whim and caprice of administrative officials.

(b) The Congress has, in several important matters, delegated its legislative powers practically without limitation to administrative officers and agencies.

(c) The Congress has done its best to destroy the Anglo-Saxon principle of local self-government. The American people are today being taxed to finance the building of a dog pound in Memphis. I do not doubt that Memphis needs a dog pound. But surely that at least is a local function for the people of Memphis.

(d) The federal Government has undertaken to regulate the most intimate details in the life and business of every citizen; how many potatoes he may plant, how many pigs a sow can have, how much corn and tobacco a farmer may legally raise. Politicians are undertaking to arrogate unto themselves all the powers of a totalitarian state, wherein they are the complete masters.

(e) The politicians now assert that they alone can operate business successfully, so federal officeholders, in open defiance of the Constitution, are forcing



A part of the audience which heard Mr. Ransom make the closing address of the meeting. The long table at the left was reserved for the honor guests whose introduction is an interesting feature of each year's dinner



this government to invade practically every form of private endeavor.

(f) The officeholding class are levying taxes not to carry on governmental functions, but to make effective their own peculiar views of economic and social questions.

(g) Social security and all of its incidentals are and should be matters of exclusive state control. The political answer, "Do you want the people to starve?" begs the question. Each State could—if local politicians did their duty—care for its own unfortunates, but the local politicians instead of doing their duty have called on the federal politicians to do it for them, so the substance of the people is being largely wasted.

Government, to a considerable degree, ebbs and flows with the economic tides. No single factor plays so vital a part in the life of every individual

and the welfare of every endeavor as transportation. So, it is appropriate that we refer to this government as "The Ship of State."

Some say that, built as She was in "horse and buggy" days, She is no longer seaworthy so should be relegated to the Valhalla of the Nations. No more false idea ever emanated from the mind and heart of man.

Built She was by trained and expert hands, under the direct supervision of the most brilliant, practical statesmen ever assembled at one time; constructed with timbers which Anglo-Saxons have hewn, at infinite cost of blood and treasure, from the citadel of centralized power itself; designed to ride every storm. She is as

sound and eternal as the Ten Commandments.

It is true that She is listing badly; that She is consuming in her engines the produce of future generations; that She moves without fixed guide or compass. But the remedy is neither to scrap nor rebuild the Ship of State, but rather that the official crew be made to walk the plank.

Then restore upon her bridge Common Sense, Experience and Patriotism—then from bow to stern man her withold-fashioned, rugged individualists; then turn her prow to the open sea and once more chart her course by the organic law of the nation, and America will move forward to peace, prosperity, justice and liberty.

# Government and Transportation

FEDERAL, state and local highway improvement policies, needs of our merchant marine, and ways to avoid government ownership of railroads were discussed at the Transportation Round Table Conference.

Thomas H. MacDonald, chief of the United States Bureau of Public Roads, spoke on the first of these subjects, listing recent changes in policy that have combined to create serious problems for the future. These include a demand which has resulted in a large increase in the mileage of low type roadways and the transferring of roads—in some cases the total mileage within the state—from local to state jurisdiction with no equivalent transfer of funds. Both these policies have thrown a heavy responsibility upon the states for maintenance and early reconstruction.

Simultaneously income derived from special taxes on highway users has been increasingly devoted to other than highway purposes. All of these things have tended to break down state construction programs.

Before the depression, state highway departments, with and without federal aid, were annually completing 27,640 miles of highways. Of the somewhat more than 300,000 miles of state highways more than 50,000 miles are still unsurfaced, and of 170,000 miles of secondary roads under the control of the state highway departments, 95,000 miles are unsurfaced, Mr. MacDonald said. In his judgment a reasonable program would require the construction or reconstruction of 26,000 miles annually.

This estimate, however, will be in-

adequate, he said, unless the tendency to throw additional mileage on the states is checked.

This indicates, he said, that the increase of surfaced mileage has been too rapid and that hereafter more attention should be devoted to building substantial subgrades.

Splendid progress, Mr. MacDonald thought, is being made toward a more intelligent coordination of our transportation facilities. As an example of this, he referred to the newly realized responsibility of the general public for grade crossing elimination. In the past two years, for the first time, federal funds have been used to pay the entire cost of grade crossing eliminations with the exception of land and damages, and, when the emergency programs are completed, approximately 3,000 of the most dangerous crossings will have been eliminated.

## A sound road program

THE Interdepartmental Farm Roads Advisory Committee appointed by the Secretary of Agriculture last July, Mr. MacDonald stated, has developed a preliminary set of principles as a guide for the selection and improvement of feeder roads, and the Bureau, in cooperation with the state highway departments, is making a comprehensive study of the whole road situation. Through this it is hoped to establish a rural road development program on a sound basis of fact.

H. Gerrish Smith, President of the National Council of American Shipbuilders, outlined his views as to the needs of our merchant marine. He

emphasized the great importance of our foreign trade and, therefore, of adequate ocean transportation facilities to the general public.

Mr. Smith declared that the World War had taught us the necessity for an American merchant marine. The shipping of all other maritime nations, however, is in keen competition for our foreign trade and their costs are less than ours. Therefore, he said, a privately-owned American merchant marine can be maintained only through subsidies.

He stressed the need for a definite permanent shipping policy, and endorsed some features of the pending bills before Congress, but held equitable adjustment of existing contracts to be imperative. He urged the importance of a single maritime authority. He also stated that safety of life at sea should be given careful study, but in a sane manner, recognizing that travel by water is already one of the safest means of transportation.

Most of our present fleet will be obsolete by 1940, he said, and there has been no progress toward replacement during the past years. He urged a definite replacement program.

Robert Henry, of the Association of American Railroads, and H. E. Stringer, Vice President of the Hydraulic Pressed Brick Company, discussed ways to avoid government ownership of railroads. Mr. Henry's assertion that railroad service under private operation has been effective and progressive was endorsed by Mr. Stringer from the viewpoint of the shippers, and both agreed that there is a serious threat of government ownership, and that if the govern-



ment takes over the railroads other forms of transportation and other industries will not escape.

Mr. Henry, arguing for the advantages of private ownership, pointed out that there has been no great car shortage at any time in ten years, and that in this decade service has been improved and costs reduced.

If government ownership comes, it will not, in the judgment of Mr. Henry, be because of a popular desire for it but because of the railroad's inability to carry on longer under private ownership. He doubted, however, that private ownership would break down, and cited the fact that many thought government ownership inevitable in 1921, when the railroads were turned back to their owners in poor physical condition, with serious labor difficulties and a debt to the government of more than \$1,000,000,000. This debt, almost double the present federal loans to the railroads, has been repaid, and Mr. Henry believed that the railroads will again

be restored to prosperity if given fair opportunity.

In his judgment the main danger of government ownership lies in the unequal treatment of the railroads and their competitors. Shippers by rail, he said, pay the entire cost, whereas those by other means of transportation do not. Railroad taxes go to the general costs of government, whereas the taxes of other forms of transportation are largely earmarked for special purposes.

Mr. Stringer spoke of the cooperation of the Shippers' Advisory Boards with the railroads in working out improvements in service, which in his judgment had resulted in service that might be criticized as too good because it encouraged low inventories. After witnessing the government operation of the railroads during the World War he saw no reason to hope for similar improvements under government operation.

Mr. Stringer thought there was great danger of government owner-

ship for two reasons, because a number of men in Congress appear determined to force it and because certain labor leaders are urging it. While these two groups are active industry, he noted, is relatively inactive. He urged industry and labor as well to give serious thought to the changed conditions, the political machine that would be built up and the troubles that would befall the railroads themselves, railroad labor and shippers if government ownership became a fact. He urged business men throughout the country to study the problem and point out to their associates and to labor the seriousness of the subject and the great importance of keeping the railroads under private operation.

R. S. Binkerd, Vice President of the Baldwin Locomotive Works, in a message read at the meeting, asserted that practically no improvements in railroad transportation were ever made under government ownership, and warned against "government ownership by inadvertence."

## The Future of Agriculture

THE "Essentials for Agricultural Progress" was the topic of the discussion at the agricultural round table conference.

Secretary Wallace, in an informal talk, recognized the growing appreciation by business men of the interrelation of agriculture and other industries, and appealed to business men so to adjust their activities as to promote the general welfare. Incidentally, the Secretary expressed fear that, with normal weather conditions for two or three years, an oversupply of farm products would accumulate which would depress prices and react unfavorably on business. Viewing the agricultural situation from a long-time standpoint he expressed fear that, within another generation, food prices would reach excessively high levels unless erosion and other losses of soil fertility were checked.

The principal speakers of the conference were Dr. Herbert W. Mumford, Dean of the Illinois Agricultural College, and L. J. Keach of the J. L. Keach Company, large-scale fruit and vegetable distributors of Indianapolis.

Dr. Mumford pointed out that efficiency in production is essential to the welfare of agriculture.

According to Dean Mumford, the agricultural industry has entered a

new era. The depletion of soil fertility which has resulted from the farming methods of the past now makes necessary the use of methods for soil conservation and improvement. For this reason good farming has become more difficult and expensive than in the past. The speaker maintained that if farmers do not practice soil conservation and improvement now and hereafter, prices of food products to consumers may become burdensome or the standard of living of farm families must be materially lowered.

He emphasized his point by describing the results of experiments conducted by the Illinois Agricultural College over more than 50 years. These results showed in a graphic manner the decline in crop yields and the rising costs of production which result from an exploitative system of farming. By way of contrast he showed the opposite effects of soil-building rotations combined with fertilization.

Dean Mumford expressed his belief that "the future trend of agriculture and business in this country largely rests on the realization that land stands today as one of the few natural resources that, if properly managed, may constitute a continuing source of national wealth.

"If satisfactory progress is to be

made in solving the farm problem," he said, "farmers and business men must be willing to work together to improve the conditions surrounding the farming enterprise."

He added:

"I should like to think that the public, as well as farmers, is beginning to realize that the so-called farm problem is plural and not singular. Far-seeing leaders in industry and agriculture recognize their interdependence but much remains to be done."

Mr. Keach's talk dealt with the importance of distribution in connection with agricultural progress. He stressed the need for recognizing that the welfare of human beings is a higher objective than mere mechanical efficiency. As a means of obtaining a great efficiency, Mr. Keach urged a more active consideration of trade problems by small local trade groups. He believes that such group studies, based on a clear recognition of the obligations of the distributor to both producer and consumer, would result in improved relations with allied groups and a coordination of effort which would serve as an alternative to governmental bounties, remove most of the danger of overproduction, bring about economies in distribution and evolve ways of increasing market outlets.



# The Importance of Agriculture

By FRED W. SARGENT

President, Chicago and North Western Railway

IT requires no economist to know and to prove that agriculture has been in the doldrums; that since the war it has suffered more severely as an industry over a longer period than any other industry of like proportions.

This condition has arisen out of a combination of causes.

Since about 1916, for instance, mechanical power has replaced animal power in much of our farm work. By this change an estimated 30,000,000 farm acres formerly devoted to raising live stock feed have been diverted to other uses.

The farmer may not be criticised for this. There is no doubt that the use of the tractor, the truck and the car is dictated on many classes of farms by economy and efficiency.

Another cause of the farmers' plight has been the marked decline in the export of agricultural products. During the war and immediately afterwards the nationalistic spirit seemed to grip most nations and many that once bought our surplus agricultural products are now growing their own, and some have begun to produce for export.

As a result we have not only lost the largest part of our foreign markets for our agricultural products but in recent times a large amount of foreign products have come into our markets to displace products that might have been raised on our own farms.

Certainly these increases in imports at a time when we claim to have surplus capacity to produce all of these things in our own country must have a marked influence upon the ability of our own farmers to market their own products at advantageous prices. The fact that high wartime prices brought in a large amount of acreage in certain sections to compete with the older farm regions is sometimes mentioned as a third cause of our farm difficulties. How serious this may prove is difficult to predict, but when we read the statistics on soil decadence and erosion through-

out farming regions generally we wonder if decreased production on depleted lands may not more than offset this increased acreage.

Still another cause of the decline in agricultural prosperity is found in an article in the *Harvard Business Review* by Dr. Joseph S. Davis, Economist at the Food Research Institute, Stanford University. Dr. Davis says:



Mr. Sargent (Right) and Mr. McKinsey, on the platform as Mr. Sibley introduces them

Greater average longevity, shorter hours of labor, mechanization of industry and agriculture, increased transportation facilities, better housing and heating, have reduced *per capita* food requirements for energy and heat. The restriction of immigration and the higher level of incomes after the war, made for a reduction in *per capita* use of certain staple food products and an increased use of sugar, fruits and vegetables, of which some are produced abroad, some on truck farms near cities, and only a part by organized agriculture. Here, in short, we have a tendency for a reduced *per capita* demand at home.

## Smaller demand for crops

ADDED to these causes is the fact that the loss of purchasing power in our urban centers due to the depression has lessened the demand for farm products.

Other collateral and minor causes may have contributed, but I believe I

have defined the principal reasons for the decline in farm purchasing power. The natural question in everyone's mind is: "What are we going to do about it?"

Little, if anything can be done about the first cause, the release of acreage to food production instead of animal feed production because motor power has displaced animal power on the farm. This will continue, and it should continue on those farms of sufficient size to make motor power economic and efficient.

The increase in acreage in western lands may be offset by the decrease in fertility of agricultural lands generally, but this is a sorry and deplorable remedy.

There is also little to be done about the decrease in *per capita* consumption due to changed habits except that consumption will naturally increase as industry and business revive and purchasing power is increased.

It seems further, that it will take years to change the nationalistic spirit of the world and

until such a change is made we cannot hope to regain our exports of food products.

On the other hand we are permitting imports of foreign products that are taking the place of the products of our own farmers. With respect to these imports it may amaze many of us to find that the United States, supposed to be the largest food export country in the world, has for the last decade imported more foodstuffs than it exported, and we have done this notwithstanding the fact that our own markets are too small to care for our own production.

I do not believe we need to permit this situation to continue, nor do we need to permit these imports to come into this country in order to build back such foreign trade as is likely to be available.

Every bushel of wheat, rye, oats,



barley or corn; every pound of pork, beef or butter, imported into this country puts American dollars into pockets of foreign farmers that ought to go into pockets of our own farmers.

I am, therefore, convinced that these imports have a deteriorating effect upon any permanent recovery in agriculture.

I believe that if this situation were corrected it would help materially. I am not alone in this belief. Indeed, Congress recognized this same principle when it passed the LaFollette Amendment to the AAA in the closing session of the last Congress. This amendment authorized the President, upon the recommendation of the Federal Trade Commission, to set definite limits on farm imports.

### Farm dollars work hard

THE extent to which such importation aggravates the unemployment situation is demonstrated by the estimates of some of our leading economists to the effect that every dollar of new purchasing power placed in the hands of the American farmer will in the course of a year increase the aggregate of business volume throughout the country by a minimum of five fold.

While, therefore, I do not believe that we can hope in the immediate future for any large relief by an increase in our exports, I do believe we can secure substantial relief if we will protect the American market for the American farmer as to those products which can be successfully produced on our own farms.

This, alone, of course, will not be enough to relieve the situation. We have a surplus of farm acreage. We must prevent soil erosion and restore the fertility of our lands. We must find a market for the things that the farmer can produce, and the biggest opportunity for such market under present conditions is at home.

I started out by asking, first, if it was worth while to make American agriculture prosperous. Even a superficial knowledge of the markets that the American farmer could make for the goods and things industry produces is sufficient to answer this question in the affirmative.

Assuming that next week some Ambassador from a foreign land should arrive in New York and go directly to Washington to the State Department. Suppose he should say:

The people of my country are eager to buy \$10,000,000,000 worth of products from your country. They will pay you with an equal amount of raw materials from their farms and forests. They want delivery in two years. If the trade relations work to mutual satisfaction, they will renew the contract, purchasing each

year thereafter an additional five billion dollars' worth of goods.

What would happen? The telegraph wires would sizzle with urgent messages from high officials of the government calling into conference industrial leaders from all over the nation. Editorial writers would resort to superlatives in interpreting the beneficial consequences. In every hamlet, town and city of the country the principal topic of conversation would be the impending trade pact, for it would mean jobs—new jobs for willing but idle hands!

You say this is visionary. Not at all. Such an Ambassador is knocking at the door of American industry today. He comes not from foreign seas. He hails from rural America. He represents 50,000,000 souls who live on the farms and in the towns adjacent thereto. In his facile expression and magnificent physique he is the counterpart of Frank Bellew's famous cartoon of good old Uncle Sam. He is saying to American business men:

Your urban country for generations has been almost the exclusive source of supply of household articles, clothing, mechanical equipment, and other manufactured products purchased and used by the people who live in rural America. Through reduction in domestic consumption and shrinkage in foreign markets and through other causes beyond our control, including competitive imports, the normal demand for our farm products has been seriously curtailed. We have many idle acres on our hands just as you have idle workmen at your factory gates.

My people need practically everything your factories produce. Help us to find new work for our idle acres and you will soon recapture the profitable trade you once enjoyed in rural America. This depression will never pass and your urban unemployment problem will never be solved as long as the economic dislocation of American agriculture persists.

Help us to restore prosperity to the farm and you will save America.

I think we can all subscribe to this statement of undisputed fact from this Ambassador from rural America. It ought to be obvious to the business man that any increase in industrial productivity depends upon a similar increase in purchasing power of those who absorb the products thus produced. It is important, therefore, that business men give earnest consideration to rural America as a potential market, and to such sound measures as will restore its purchasing power to a normal, livable basis.

It is, therefore, worth while to lay aside all political animosities and all political propaganda and as a united people, both business men and farmers, undertake to find a solution of this problem.

But that one solution would not completely save the situation.

Other collateral remedies have been advanced.

In my judgment the efforts to lend money to farmers in times of distress to enable them to hold their crops for better prices is nothing that we need fear. As demonstrated in the past, it has given beneficial results. Refinancing long-time farm mortgages, thus releasing a larger part of the income of farmers for normal trade purchases is bound to produce beneficial results.

But these remedies are not enough. In addition it will be necessary to find new and enlarged markets for the use of our soils. It is not unlikely that the cultivation again of all our acreage, with accompanying fertility of land, will be brought about, and once more produce a surplus that will force ruinous prices upon the farmer unless alternative markets are found.

### A three-fold remedy

IT seems compulsory, therefore, under present conditions, that we be resourceful enough to find a domestic solution to our surplus land problem.

I look upon the remedy as three fold:

1. Preserve the American market for the American farmer.
2. Assist him through government aid in the cultivation of new crops or substitute crops in place of agricultural commodities now imported from foreign lands.
3. Advance the industrial use of American farm products through applied science.

And the last of these to my mind is the most promising in the long range view.

It may not be out of place here to refer to what some of our great industrialists are already doing along these lines. "To advance the industrial use of American farm products through applied science," is the stated purpose of the Farm Chemurgic Council, which was organized at the Dearborn Conference in May of last year.

In my opinion, we are moving into a new industrial revolution springing from the science of chemistry, for we have not yet begun to utilize the unlimited by-products that chemistry can give to us both by the science of organic and inorganic chemistry. This industry, in its present state of development, is comparatively new, and I believe it is destined to do as much for human progress in the second quarter of the present century as did the electrical and mechanical advances of the first quarter of this century.

This is the way out, in the long view of things. Other remedies are makeshifts, and at best can only be looked upon as temporary remedies to tide us over a temporary emergency.



# Business and National Affairs

By PHILIP J. FAY

Nichols and Fay, San Francisco

**T**HE most important distinguishing characteristic of chambers of commerce and trade associations is that these are voluntary associations. Men have united by these means, not because any government made them do it, but because they wanted to. These are business men's organizations, formed originally to facilitate joint action on common problems, financed in good times and bad by business funds. They are designed to serve the business interest, in so far as it is identical with the public interest.

At intervals chambers of commerce have had to alter their purposes and programs. Perhaps even more frequently, the trade associations have had to alter their courses. But, their record consistently is that of trying to serve the paramount need of the moment. Their genius is that they always have adapted their structure and efforts to the task of

doing what needed to be done, and in a high percentage of undertakings have gained the results they sought.

I emphasize that because I believe that we have reached the time when we must see that the paramount need of our business life again has changed, and that the purposes, methods and efforts of our organizations again must be adapted to a new situation.

Steadily over the past quarter of a century the relationship of the single community to other communities and to the nation as a whole has changed.

Business used to be conducted in a fairly free atmosphere. Men went about their business almost as they pleased. Each could handle his own affairs so long as they did not destroy or unduly impair the right of others to do the same.

What was true of individuals also was largely true of communities and

industries. Factories could make what they chose and sell it for what they could get. Stores could buy their stocks in a free and competitive market and sell them in the same kind of a market. Salaries, wages, hours and working conditions were the product of agreement among those concerned. If a few people wanted to start a new business and could persuade their friends to finance it they could do so.

In such times the individual was expected to look out for himself. If he made an honest profit, the presumption was that he would be allowed to enjoy it. If he sustained a loss, that was his bad luck. If he got sick or lost his job, relatives or friends helped him. It all seemed to work pretty well.

Under such conditions, a community was relatively independent, self-reliant and self-sustaining. The only government that amounted to much as a practical

force was the municipal government. It lived every day in the presence of local needs. It was operated by persons who were known to their neighbors. It was paid for by local persons.

In such circumstances, the interests and activities of a chamber of commerce were predominantly local.

The same was pretty much true of those who had banded themselves together in a trade association. They were interested in the affairs and problems of their business.

In such circumstances, a trade association had little reason to concern itself with public affairs. Those things have changed. Not only have we multiplied swiftly the machinery and functions and duties and costs of government, but we have moved to concentrate in Washington the power over the every-day affairs of the individual, the community, trade and industry.

Today the individual must wait to

get the "go" sign from Washington before he can sow a field of wheat, plant a couple of rows of potatoes, fire a fellow who is stirring up trouble in the factory, get a few friends to buy stock in a new venture.

The moving into the hands of those who sit at desks in Washington of the control of even trivial actions of individuals obviously has a profound effect upon the well-being of every line of industry.

## A ruler of national affairs

THE time was when the federal Government was interested largely in such strictly political matters as conducting our foreign relations, providing for the common defense, maintaining post offices and post roads, coining money, managing tariff relationships with foreign countries, regulating a few businesses which were strictly national in scope and monopolistic in character.

Now, of course, those things have been overshadowed by the vastly larger range and importance of social and economic subjects with which the Government is concerning itself.

All of these changes are and must be the concern of our business associations. In so far as the scope of legislation and action by the federal Government has been broadened to embrace the vital affairs and delicate relationships of business, it would appear that chambers of commerce and trade associations must help to see that such policies and actions move along sound economic lines.

What can these organizations do? How can they do it?

The main requirement is to bring to Government a far better understanding of business practices and standards and the conditions essential for business to thrive.

That such an understanding does not exist today is evident in laws that cripple and retard business.

As I see it, the imperative need of this situation is to help the American people to see that we have been drifting away from American institutions and traditions on the preservation of which rests the well-being of every American citizen.

This means that we must show to



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the average American that the Constitution must be preserved for his protection, and that when it is violated he is injured.

It is not enough to show that the Government's financial policies are destroying the possibilities of a balanced budget. The real job is to show that sound finance and a balanced budget are more valuable and vital to the citizen than a dole.

I should like to see every association of business men become the active, energetic instrument for carrying to our people the message of, and the sound reasons for, a revived respect for American political, economic and social institutions.

A second object is the task of developing popular tolerance and understanding of business and economic processes. Too long we have remained silent while demagogues attacked business unfairly.

A profound change has occurred in recent years in the methods which determine the policies, decisions and actions of the federal Government.

Control of federal policy and action, to all practical purposes, used to rest in Washington in the hands of a comparatively small group of elective leaders of the party which happened to be in power. These leaders directed federal affairs according to their best judgment, guided by party policies and party platforms. Under such circumstances, any group

which desired to obtain a hearing had merely to present its viewpoints to the leaders.

Effective party control of the federal Government, of course, began to deteriorate long before the depression. Today the stable direction of federal policy by party groups in Washington has broken down. Power has shifted to the hands of persuasive individuals—in or out of public office—who can attract a personal following.

### Noise controls decisions

THIS has tended toward a condition in which decisions of national policy are controlled by the number of persons and the volume of clamor which can be attracted to a particular measure.

To business associations, this shift of control offers new problems.

The working out of means to present business judgments constitutes the main problem with which business men and organizations will have to deal in the next decade.

The Chamber of Commerce of the United States undertook two years ago to persuade the organizations affiliated in its membership to set up committees of business men through which they might express to the federal Government their sentiments and opinions concerning federal policies and actions affecting business.

More than 1,000 such committees on National Legislation were established.

These committees, maintaining close contact with the National Chamber but acting on their own initiative and voicing their own opinions, have been a tremendously constructive force during the past two years. On one issue after another, the expressions of business opinion from members of these committees and the other business men with whom they are in contact have helped to bring about deliberative consideration of legislation.

The business association which today does not have such a Committee on National Legislation is doing a serious injury to the interests of its own members.

Recently the National Chamber has instituted an educational program on an even larger scale to supplement the work of these committees. It is trying to develop a wider understanding of facts and arguments that have a bearing upon federal policies and laws which affect the stability and progress of business. If our business organizations will apply their whole energies to the problem I have no doubt that they will succeed, and that our American pattern of life will be made more secure for ourselves and will be securely safeguarded as the priceless heritage of generations yet unborn.

# Young Men in Chamber Work

By ALLEN WHITFIELD

President, United States Junior Chamber of Commerce

THE United States Junior Chamber of Commerce is today the fastest growing organization in the United States, enrolling approximately 300 affiliated groups with more than 50,000 individual members.

The Junior Chamber is far from perfect. The fact remains, however, that despite mistakes, failures and difficulties of recent years young business men are actively engaged in civic activities. In some cities where the chamber of commerce leadership has refused to give the young business men an opportunity for organization, other civic organizations have developed from the younger business men outside the chambers of commerce.

This development is unsound. There should be only one representative organization in a community,

coordinating the efforts of all citizens in a program of civic betterment. Experience demonstrates that the younger men do not find it easy to meet around the council table at the chamber of commerce with their bosses who are their superiors in business positions, wealth and achievement. The Junior Chamber of Commerce, restricted to younger men starting their careers, offers them a vehicle for community activity.

The leaders of the Junior Chamber know it is desirable to increase the percentage of younger men who join the senior chambers of commerce in later years. We have no difficulty in selling this idea in communities where senior chamber executives cooperate in making it possible for these men to continue ac-

tive work for community betterment.

Junior chambers and young men working in chambers of commerce have certain limitations. They are usually underfinanced; sometimes they tackle the wrong projects; sometimes their program shows immaturity and lack of balance.

But junior chambers are the best promotional agencies in the country. Why? Because the members are full of enthusiasm, energy and new ideas.

Give a junior chamber a worth while job—a good tough one, one that you would hesitate to tackle. Give that group fair leadership and you will see, in a short time, a completed and successful piece of work.

The idea that young men are worthy of consultation has found expression recently in the political



parties, also the junior bar movement. But these groups are principally controlled by their parent organizations.

The Junior Chamber movement has evolved in general on the basis of local and national groups, coordinating their activities with those of the chambers of commerce. There should be no conflicts between them.

Today the United States Junior Chamber of Commerce is the only

truly nationwide organization of younger men—with its leadership drawn from the younger men—its policies developed and executed by them.

In other countries young men have organizations—revolution has resulted. America's younger men are organized for constructive service.

Our course is charted—our future ahead. We will to organize—to share in solving the problems of today. The

early careers of many men attending this chamber of commerce meeting are a source of inspiration to the younger business men. They have set an example of hard work, honest toil, community and national service.

We younger men, through chamber of commerce work, are following in your footsteps. The junior and senior groups, by joint action, can build a greater nation. We will do our part. We need your help.

# Business and Public Relations

By SAMUEL B. BOTSFORD

Executive Vice President, Buffalo Chamber of Commerce

**D**URING the past six years, the corporate structure of business has been severely criticized. Many laws have been enacted to regulate and restrain corporations. Big business and big profits have been attacked. The National Firms Committee, formed originally by NACOS to investigate the relations of big business to local chambers of commerce, has been obliged to broaden its scope and examine the relations of great companies to the public.

## Neglecting the grass roots

**AS** a committee, we are only concerned about the effect of certain corporate policies on the communities which we serve. Apparently more than 50 per cent of the greatest corporations have restricted their public relations policies to the cultivation of sales prospects and have withdrawn their representatives from active participation in the duties of good citizenship. As a result of its own neglect, big business is paying the price in unpopularity, tax penalties, discriminatory laws, lack of influence in the home towns where public sentiment has its roots. Many executives overlook the fact that national opinion is but the sum of local opinions. Big business also suffers within its own corporate structure from the non-participation of its personnel in the duties of citizenship. As Government has increased tremendously in cost and complexity, and dominates all other activities, familiarity with its processes and participation in its work by business men are essential.

The chamber of commerce is a place where thousands of business leaders have served their civic apprenticeships. Years before public re-

lations experts became fashionable, alert business men realized that the public must be considered from a broader aspect than sales alone. Serving on countless chamber committees they have striven to harmonize public and private interests. The United States Chamber with its constituent membership of trade associations and local chambers is a central agency for clarifying the relations between business and Government.

Here is my definition of a local chamber of commerce:

It is an organization made up of and representing business interests in the broad sense. It is the means through which the business leaders of a community collectively promote industry and commerce, intelligently approach local, civic and governmental problems, and voice the attitude of the responsible business interests on matters of municipal, state and national import, which affect their various activities and the general welfare. It maintains close contacts with other similar organizations throughout the nation and with a clearing house in Washington.

Any organization which lives up to this definition, regardless of its name, is a local chamber of commerce. By including in its membership 1,200 such organizations from all parts of the country and some 500 important trade associations, the United States Chamber can rightly claim to be representative and national, a central agency for clarifying the relations

between business and Government.

In this country there are approximately 5,000 chambers of commerce, big and little, with a total annual budget estimated at \$14,000,000. Most of these are local. They are apprentice schools on civic problems, places where business men, without entering active politics, may learn how their cities, counties and states are governed, may aid in the administrative tasks of Government.

In cooperation with the United States Chamber, these local and regional groups are constantly engaged in reconciling the profit system with Government.

The committee and assembly system developed in nearly all modern chambers of commerce provides the method whereby business men in diverse occupations may come to some understanding of business as a whole. At present, there is confusion in the ranks. Surely, if business men criticize the effects of business on the social structure, others may be pardoned for joining in such criticisms.

To succeed, business must be sensible, non-emotional, useful. Upon its efficient handling we depend for necessities and luxuries.

Government is superior to all business, can regulate, tax and destroy it. Government here is subject to the people, who express their desires and issue their commands through political action—and



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politics is emotional, resentful, at times unreasonable and subject to vicious influences. More than anything else, the job of chambers of commerce today is to reconcile these great human forces.

The kind of work performed by local chambers or of the United States Chamber depends on three things: the quality of the management, the money available and the character of the members.

Management can always be changed by the members, who own the Chambers; money is not so important as man-power.

The NACOS National Firms Committee has found that many of the largest corporations in America are eager to take part in community affairs and that their employees and officials participate in the life of the communities where they are located. We also find that far too many concerns are reluctant to consider their customers as neighbors, acknowledge no responsibility for civic affairs. This is not intended as a complaint or a membership appeal. Any well-organized chamber of commerce, because it is a cooperative effort, usually gives more than it receives. Nowadays chambers operate within their budgets. They are the cheapest public relations agency for business. They are particularly valuable as a school of good citizenship.

Investors and the managers of business are all interested nowadays in taxation. Study will reveal that 90 per cent of the tax spending (outside of war and the pension effects of war) is by local governments. Remedies for the costs of Government should be applied at the seat of the troubles. Certainly the corporation which spends large sums on tax talks at Washington and neglects to join in community efforts to restrain extravagance is watching the spigot while the barrel leaks at the bung hole.

In the old days, selling was done through scattered jobbers, wholesalers and retailers, most of whom owned their local establishments. Manufacturing was largely done in small plants which were owned by the men who operated them. As a result, the leading citizens of most of the communities were in charge of the pay rolls, were the largest property owners and the important taxpayers. These men exerted a definite, almost controlling, influence on their community. From among them were developed men capable of being town officers, county officials, state legislators and congressmen. Their opinions had weight.

Today big business has created an entirely different situation. It has created an itinerant class of managers and has developed many men who are important in business but ignorant of the processes of government and who do not participate in community, civic or political matters.

Perhaps big business has grown too big to see its feet. The representatives of large business often speak ill of our efforts and sometimes block what we are trying to do. This is because they realize that their home offices are not interested in us. Unconsciously, therefore, big business has hurt its cause in two ways:

1. By neglecting its best friend in each large community—the Chamber of Commerce.

2. By failing to educate its own representatives in good citizenship.

This attitude in turn weakens the United States Chamber, in which many of the heads of these large corporations take an active part.

In the past five years we have learned that men whose names command respect in high finance command no respect among the rank and file of America. In a public sense, in a political sense, they are not leading citizens. Not only have they personally withdrawn from effective public contacts; they have also reduced their corporate influence and the agencies which speak for sound business sentiment. Worst of all, their corporation policies have reduced the number of business men effective for conserva-

tive leadership in every community.

Participation in a local chamber of commerce, of course, is not the sole criterion of good citizenship or civic interest. Because of its peculiar purposes and form, local chambers are usually influential in their communities. If they are not, they should be reorganized and their management changed. Local chambers are the forums in which basic economic problems as related to Government are studied in every center of population.

The necessity of technical knowledge in big business has elevated many men to high positions who are skilled in their technical duties but are impractical in public matters. Often, the graduates of technical colleges have little knowledge of history, sociology, philosophy, economics and similar subjects. As their utterances are absurd, the great importance of such men in the business world confuses the public. Their presence in the business picture makes strong, sensibly managed local chambers important to voice the settled opinions of the business world. Also, big business has greatly reduced the man-power available for good community leadership by mergers, consolidations, vertical management, strict departmental control and other efficiency methods.

### Towns can be loyal

OUR committee's observation is that those corporations which share helpfully in the pleasures and sorrows of the people from whom they get their money usually stand well with the public. The place for a manufacturer to tell his story first is to his employees and neighbors.

American business men in their industrial and commercial fields have met every challenge and supplied mankind with ample necessities and with comforts undreamed of in any previous civilization. The fields of good Government, reasonable political stability, economic security are not yet conquered. Their conquest is the next step and should be won by the same hard work and scholarship that have combined to achieve business victories. I submit that business men should take their places in the ranks with other citizens to provide this nation with intelligent, economical, stable Government. And I submit that the chambers of commerce constitute a training school where all business men may study and, as citizens, apply their abilities for the good of the country.



FOR NATION'S BUSINESS BY HAMMER

Charles P. Garvin, addressing the semi-annual meeting of the American Trade Association Executives held each year coincident with annual meeting



# Subversive Activities

By JOHN W. MCCORMACK

Representative from Massachusetts

**A**T the outset it must be borne in mind that communism is not a school of political or economic science, alone. In its fuller aspect, it is a philosophy of man. It is materialistic in its concept and operation. The purpose of communism is to establish a government of the so-called proletariat—through the medium of class appeal and class groupings, obtaining control of government and then through the medium of a dictator, putting into operation the principles and policies in which communists believe.

Communists openly admit the use of any and all means to bring about their objective. In this country, practical efforts are being made to create dissatisfaction and discontent, to capitalize on them wherever they exist, to produce emotional results that will further their cause. They employ the "boring in" policy in labor, fraternal and other organizations to obtain a position of influence to control the policies of these organizations. They also employ the "united front" policy, by which they join with other organizations in the agitation for some program. They are not interested in the program, except as a means of using the persons in their cause. They join with others merely to use the strength of other organizations for their advantage.

## Schooling for violence

TO them, anything in which they engage is simply a means toward the overthrow of government by force and violence. At present they have a school in New York City with more than 2,000 students receiving instruction in the philosophy of Marx and Engels, and training for acts of sabotage. They are also trained in tactics to prolong strikes that men might properly start in an effort to obtain better wages, working conditions or hours of labor. In such cases, they step in, not to assist in a fair settlement, but to exploit existing conditions as a part of their means to an end.

Their training is to enable them to induce others, who have nothing in common with them, to play their game. They are enemies of all exist-

ing governments. They are unscrupulous in their demands and in their consideration of the rights of others. They have been making a determined effort for years to bore in on the American Federation of Labor. In one or two cases they have obtained control of a union. The leaders of the American Federation of Labor, under President Green, are militantly fighting these efforts. President Green realizes the danger. His great work should receive the attention and praise to which it is entitled. It is to the advantage of business in dealing with unions to deal with men of the type of Green—men who stand for his kind of leadership.

The special committee of which I was chairman investigated a communist union in New York City and found that it forced certain business men to pay tribute to continue in business. The union imposed a so-called unemployment tax of three per cent of the total pay roll of more than 200 business men and exacted a similar amount from the employees, after forcing them to join the union. That money was used to advance communism. This evidence came under oath from business men who had paid the toll. Some who had resisted testified that their goods were destroyed, their employees attacked and finally they had to capitulate. The head of the communist squad of the New York Police Department testified that this union maintained a gangster squad to intimidate employers and employees.

Persons of this type should be shown no consideration. Their policy is to instill fear in the minds of others. Whenever such efforts are employed anywhere, with a disregard for the rights of others, action by the police and courts should be rapid.

Recently they have been urging formation of a farmer-labor party. Many persons believe in such a party, but oppose communism. With them, such a party is intended as a means of obtaining changes in the Constitution, or new legislation. That is not the purpose of the communists. Their purpose is to use such a political party as a part of their revolutionary program.

Americans interested in forming

such a party should not be deceived by the communists. The communists' purpose, so far as such a party is concerned, is to obtain control of it as a means of furthering their objective. While under our law one can become a member of any political party that he desires to join, that action is voluntary. Nevertheless, the organizers and leaders of the farmer-labor party, if one is organized nationally, should not permit communists to obtain control, or even to obtain a position of influence in it.

The Americans are a patient people. We have been for years the fertile field of foreign propagandists. However, when we awaken, we act, and usually, effectively. I remember several years ago when a European country was engaging in propaganda in this country, we tolerated it for several years, and then became disgusted. An aroused public opinion asserted itself, and the State Department acted. If it had not, a Congressional committee would have been appointed to make an investigation. That kind of propaganda stopped.

## The rights of citizens

FOR years we have listened to the prattle of these avowed haters of our country and its ideals. We are getting tired of it. It is about time that we passed legislation that will make the anti-social members of this movement respect the rights of American citizens. It is about time we passed legislation making it a crime knowingly and wilfully to advocate the overthrow of government by force and violence. Such a bill is pending in the House. It is now before the Rules Committee. The Rules Committee should report a rule in order that this bill might be considered by the House. I have tried to obtain such a rule, but have not succeeded. That bill will pass overwhelmingly if brought out on the floor. The people of the United States should demand that this bill be brought up in the House. Legislation should also be passed providing for the deportation of alien communists. More than 50 per cent of the members of the communist party are aliens.

While this malignant theory can



never find substantial support among the liberty-loving people of our nation, nevertheless we must work to eliminate the evil results which proceed from their doctrine of force and violence. I do not recognize the advocacy of force and violence as constituting freedom of speech. One might just as well argue that the offering of human sacrifice as a part of a religious belief constitutes freedom of religious conscience.

Of course everyone knows that Communism is opposed to every ideal

that we stand for. It is opposed to the family life as it exists among religious people. It is opposed to religion in any form. It openly advocates the destruction of religion. It is opposed to freedom of speech and of the press, to the right of a trial by jury.

Yet Communists are urged to associate with religious groups, and to organize them under the guise of the "United Front." Prospective Communists are told that they need not sever their religious affiliations before joining the movement, but after

they join they will be subjected to a rigorous educational process. They talk about liquidation if the objective should be obtained. "Liquidation" means what happened in Russia—the murder or imprisonment of all who oppose.

Defense of the country must mean defeat of the communist. The American way is to do this by law.

Laws prohibiting the overthrow of the Government by force and violence are laws preventing murder, assassination, terrorism and arson.

## A Plan for Natural Resources

**A**N UNUSUAL amount of floor discussion supplementary to rather than in opposition to the viewpoints expressed in the prepared statements on mineral and forest resources indicates the breadth of interest in this subject.

The dependence of the mineral industry upon business recovery, particularly in the light and power industry, was repeatedly brought up. Paul Clapp, Vice President of the Columbia Gas and Electric Company, former Managing Director of the National Electric Light Association, told how the new construction program of the power industry had sunk from nearly \$1,000,000,000 for 1929 to about \$100,000,000 in 1933 and 1934. This struck a severe blow to the copper and lead industries.

H. C. Parmelee, Editor, *Engineering and Mining Journal*, speaking of the base metals, said:

We depend for the consumption of copper, lead and zinc on industrial activity because those metals have no other use to speak of. They must be consumed by the manufacturing industries—the electrical industry, the construction industry. . . . If you will think of what has been happening to the utilities and what has happened to the electric industry generally, you will see that one of copper's greatest outlets has been at a low ebb. . . . As for the utilities, we know that they have the money to spend for experiments and expansion. Just when the utilities will begin to spend or feel like spending depends upon their political fortunes, I should say.

Mr. Parmelee attributed such recovery as the base metal industries have experienced to good management. Close control of stocks, full accounting for recovered (secondary) metals, and the like, have done much to avoid serious price disturbances.

The situation of the lead industry is somewhat similar, although not so well pronounced, Mr. Parmelee said.

Zinc, he said, "showed a good improvement in 1935 over 1934, prob-

ably the most orderly improvement of these three metals."

Mr. Parmelee devoted a considerable part of his talk to gold and silver, pointing out that gold mining is prosperous, particularly as a result of present monetary policies.

He pointed to the wisdom of some sort of close control over the exploitation of mineral deposits, adding that the mineral industry "is peculiarly vulnerable to unwise and unintelligent taxation," and suggesting a study of taxation with respect to the mineral industry.

Oil and gas, perhaps the most important minerals from a commercial viewpoint today, received special consideration by James D. Collett, President, O'Keefe & Collett Corporation, Fort Worth, Texas.

He spoke particularly of state responsibilities to these industries. Many states now have statutes that pertain to conservation. However, most of these state laws are uncoordinated. Through them, however, the pioneering work of conservation has been outlined.

Mr. Collett recommended adoption of "legislation which will permit agreements, for instance, between the operators of a given pool to allow the greatest possible ultimate recovery from the pool at the minimum cost for development and operation of the producing leases." This agreement would be voluntary and subject to government approval.

Ernest L. Kurth, General Manager of the Angelina County Lumber Company, Keltys, Texas, talked of the responsibility of the states for maintaining their forest resources.

"The southern forest products industries are vital to the economic welfare of the southern states," he said. "No other one industry aside from agriculture is so extensive or so important in the region extending

from Virginia to Texas. State policies to encourage timber growing, therefore, are of vital concern not only to those directly engaged or employed in the forest industries but also to all other citizens."

Mr. Kurth discussed the prevention of fires and the development and application of appropriate tax systems.

"Most tax systems in effect," he said, "are based on the old idea that forests afford one crop that, once cut, ends tax revenue. The new idea that forests should be maintained in continuously producing condition requires radical changes in many forest tax systems. In Alabama, Arkansas, Florida, Georgia, Louisiana, East Oklahoma and East Texas nearly 40 per cent of their gross area was under a cloud of forest tax default for three years or more."

This, says Mr. Kurth, indicates that some form of forest taxation that will permit owners to retain their lands and grow timber is essential.

In reference to federal and state relations, Mr. Kurth said, "Appropriate channels already exist for cooperation between the states and the federal Government in forest conservation. Such forms of federal activity as the U. S. Forest Service and the United States Forest Products Laboratory at Madison, Wis., are much to be preferred over outright federal acquisition of vast acreages of forest property to be managed as federally-owned forests." He added:

It rests with the states whether they will undertake the measures necessary to safeguard their forest assets and allow forest land owners to grow timber for forest products industries. If they do not, unquestionably the federal Government will assume the responsibility, in which case the states will, to a considerable extent, lose their identity by having a great asset bought in fee simple by the federal Government.



# Pacific Coast Labor Conditions

By ROGER D. LAPHAM

President, American-Hawaiian Steamship Company

IN March, 1934, the Pacific Coast was threatened with a strike of longshoremen, men employed to handle cargoes. The threatened strike was postponed pending mediation by a Board appointed by the President of the United States. Through the Board's efforts a plan for the settlement of disputes was approved by waterfront employers and the longshoremen's union. The Union, however, refused to abide by this plan and presented an ultimatum which the employers could not accept. As a result longshoremen at all Pacific Coast ports struck on May 9, 1934.

The employers immediately replaced the strikers with men who were willing to work for the wages and under the conditions then in effect. Within a few days all work at Pacific Northwest ports had to cease because of violence. The strikers took over entire control of the waterfront at Puget Sound and Columbia River ports.

At San Francisco where police pro-

tection was provided, ships were worked during the entire 82 days of the strike. However, three days after the strike started San Francisco teamsters refused to handle cargoes to or from the docks. The State Belt Line Railroad provided the only channel of access. At Los Angeles ships were worked continuously and teamsters took no action.

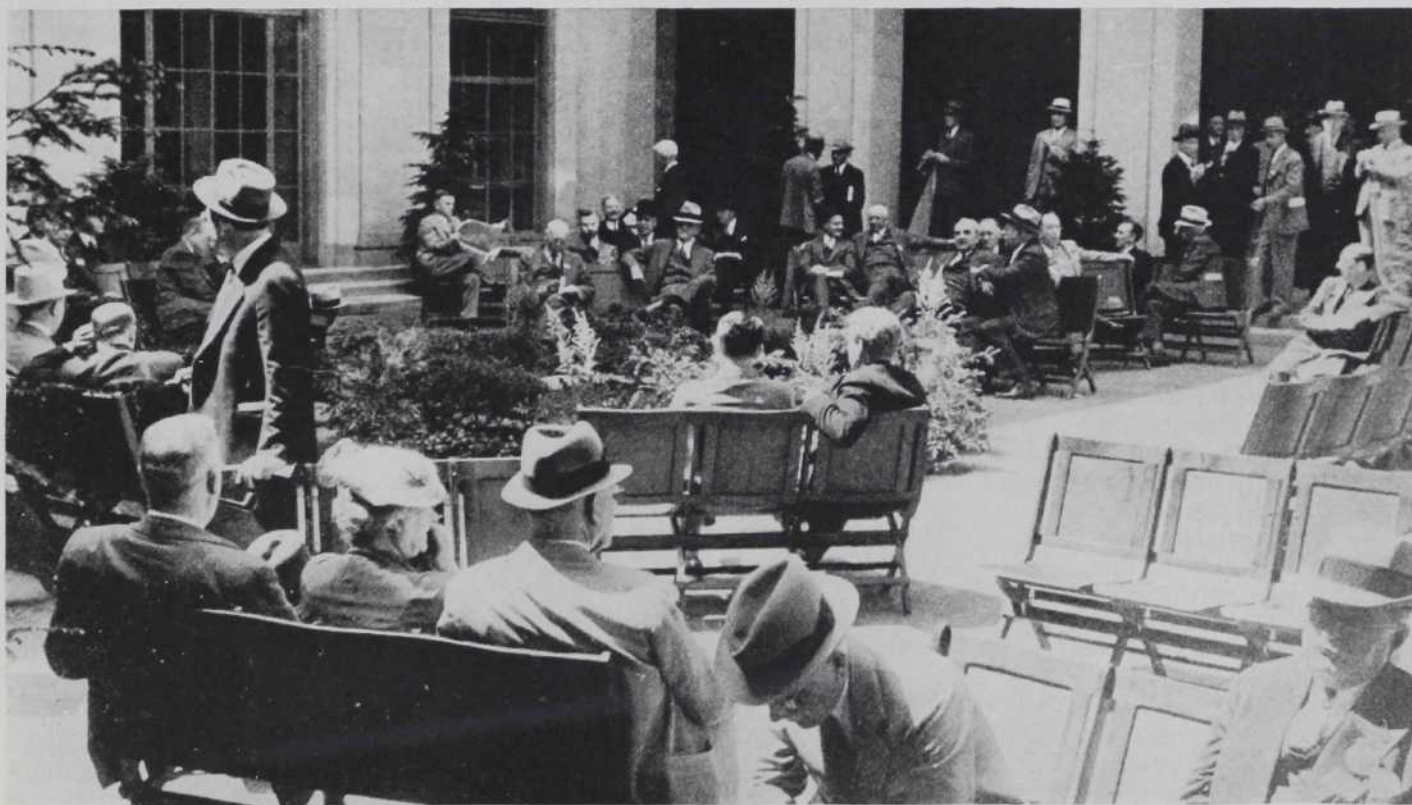
On May 28 the more conservative longshoremen union leaders and federal mediators approved a settlement plan. The men refused to accept it. On June 16 another agreement was reached. It also failed. Radical strike leaders in San Francisco would not submit it to a referendum vote of the men, although in Los Angeles the men by secret ballot did vote approval.

After this the left wing elements assumed entire control of the situation. In the meantime, at San Francisco the docks had become congested and plans were made to haul by non-union trucks. This precipitated on

July 5 a day of rioting—two strikers killed and many injured. The Belt Line Railroad at San Francisco is the property of the State. When strikers threatened to close down the Belt Line, the Governor called out the militia. Left wing leaders raised the cry that all employers were out to break all unions and began to work for a general strike. A general strike was actually called, but failed. When people are told at what restaurant they may eat and that only Union men may get gasoline for their cars, the community wakes up. It then becomes a question of whether the elected officers or a few individuals are to control the community.

When the general strike was officially called off the waterfront employers agreed to leave with the National Longshoremen's Board appointed by the President of the United States the entire settlement of the longshoremen dispute.

The Board comprised three members, including the Assistant Secre-



For those who were unable to find seats in the auditorium for the general sessions, the court yard offered a pleasant place to hear the speeches over the public address system



tary of Labor. By referendum vote the longshoremen ratified this method of settlement and agreed to be bound by any award the Board might make. After two months, the Board handed down an award providing:

Wage increases of about 12 per cent for straight-time and overtime. The wages were fixed at 95 cents an hour straight-time, \$1.40 overtime, instead of 85 cents and \$1.25. This wage was higher than the 1929 wage.

Establishment of a central hiring hall at each port to be jointly managed by the employers and the union but with a union dispatcher.

The establishment of a Labor Relations Committee (50 per cent employers and 50 per cent union representation), to decide all disputes arising under the award and the appointment of an Arbitrator by the Secretary of Labor to settle all disputes upon which the Labor Relations Committee could not agree.

That longshoremen should perform their work as directed by the employer.

### Hours of work reduced

THE award granted the Union's demand for a six-hour day and also directed that no longshoremen should work more than 120 hours in any four-week period. The Union's avowed purpose was to reduce average hours of work and spread employment. It assured the Board that it would provide ample longshoremen to relieve at the end of the first six hours, thus insuring to the employers eight hours of work at straight-time pay and dividing the work among those available. It has never done this. When employers have attempted to work longshoremen in two daily shifts, strikes have resulted. The spread work program has been converted into a program for increased daily wages.

Now as regards those maritime workers employed in vessel operation, including licensed men (deck officers and engineers) and unlicensed men (sailors, firemen, stewards, cooks and waiters). When the longshoremen strike started, no trouble existed with the seafaring personnel and generally speaking American ship owners were operating their vessels under open shop conditions. After the longshoremen struck the maritime unions also declared a strike. This strike was ineffective because no officers quit and few seamen deserted. However, many unemployed seamen participated in picketing and violence during the strike, and the left wing

elements dominating the longshoremen espoused the cause of these maritime unions.

As a result, at the end of the longshoremen's strike, the longshoremen, the National Longshoremen's Board and the press demanded that American ship owners on the Pacific Coast recognize these maritime unions. The owners agreed to allow the National Longshoremen's Board to conduct elections to determine what unions, if any, the maritime workers wanted to represent them. All voting was done ashore, union members picketed the voting places and relatively few did vote. Those that did were union men. Less than 10 per cent of one company's eligible seamen voted, but the Board ruled that company had to deal with the International Seamen's Union.

After these elections, agreements were reached with the maritime unions. Wages of officers and men were raised.

Let me now tell you how the radical maritime leaders have gained complete control and what I believe their final objective to be.

Many of these leaders are foreigners. Outstanding and typical is Harry Bridges, an Australian, who first landed here in 1921, after deserting his ship. Although he has twice taken out naturalization papers, he has let them lapse. I understand that he refuses to deny or admit that he is a member of the Communist Party but he is in close touch with the leaders of that Party in California.

A year ago Bridges and the left wing group were instrumental in

creating the Maritime Federation of the Pacific. This is a vertical union including all maritime crafts, such as Longshoremen, Masters, Mates, Pilots, Engineers, Radio Operators, Seamen and Dock Clerks, as well as Carloaders and Warehousemen and employees of sugar refineries and flour mills and other industries on the waterfront. The employers do not recognize this Federation and have no agreements with it. They have, however, agreements with many unions which make up the Federation. Bridges himself is not only President of the San Francisco Local of the Longshoremen but is also President of the San Francisco District of the Maritime Federation.

### The Federation's objective

THE first objective of this Maritime Federation is control of all maritime labor, not only on the Pacific Coast but on the Gulf and the Atlantic. One of the first things Bridges did to obtain control was to eliminate all workers not sympathetic to this objective, or who he did not think would follow him. The award of the National Longshoremen's Board provided that all longshoremen who before a certain date had worked as longshoremen, whether union men or not, were entitled to be registered in the hiring halls and get their fair share of work. Bridges has eliminated all non-union workers (refusing them admission to the Union), and has also eliminated those union men who failed to serve on the picket lines in the big strike.

This has been done by intimidation and violence.

Bridges' next step was to gain absolute control of the hiring halls and today the waterfront employer has to take the men the Union sends him.

Bridges has never been an officer of the Seamen's Union but he has gained practical control of that union by having a sufficient number of his followers join that union.

In this way Bridges has broken down the ordinary good relationship which should exist between employer and employee and has not hesitated to stir up as much class feeling as possible. Many longshoremen like to work continuously for the same line and many seamen like to stick by the same ship or sail with the same officers. Bridges and the left wing elements in control of the



FOR NATION'S BUSINESS BY HAMMER

Lammot du Pont considers a question put to him by a table companion at a luncheon meeting



Seamen's Union have done their best to discourage continuous employment by refusing to let men make more than a voyage or two on the same vessel. Under the seamen's award the ship owner could hire union sailors at the pierhead. This is impossible today. No seaman can be hired except through the Union hiring hall.

Other methods of gaining control include job action strikes and embargoes on "hot" cargoes.

### Industry is vulnerable

THE shipping industry is particularly vulnerable to job action attack. A typical instance was the case of the Steamer President Coolidge ready to sail from San Francisco to the Orient with passengers aboard or booked. A demand was made to fire the Chief Steward and the flimsy excuse offered was that eggs for the crew were not cooked properly. In this case the ship was delayed several days before the crew could be gotten back.

To show that this job action is not a half-baked plan, I quote from a resolution adopted by the Maritime Federation last November, which reads, in part:

Whereas, job action is and should be action taken when any maritime group desires to gain a concession without openly resorting to a strike, and

Whereas, in order to eliminate confusion and to insure coordination in the best interests of all maritime groups concerned it is apparent that an organized procedure for job action must be laid down by this Convention; therefore, be it

Resolved, that the term job action shall mean only action taken by any maritime group in attempting to gain from their employers some concession not specifically provided for in their respective agreements or awards

And be it further Resolved, that when job action reaches the point in the opinion of the maritime groups affected by having their members pulled off the job, that to go further may jeopardize the Maritime Federation as a whole, the matter shall be referred to the District Council for further action or adjustment.

The "hot" cargo or unfair cargo issue is aimed to extend the power of the Maritime Federation back of the waterfront. Typical of this was the refusal last summer to handle cargoes destined to or from British Columbia ports. A longshoremen's strike was on in British Columbia and, to extend the influence of the Maritime Federation to Canada, Bridges for more than three months made it impossible for any American exporter or importer to use water transportation between British Columbia and the Pacific Coast.

On top of the many delays due to job action, strikes and the refusal to handle "hot" cargoes, Bridges has forced deliberate soldiering on the job—"take it slow, boys"—"refuse

to handle four barrels in a sling"—"make it two," etc. As a result, with the decline in efficiency the cost of handling freight has increased, in some cases, as much as one hundred per cent, not to speak of vessel time lost.

Bridges boasts of his success in gaining more for his men than granted under the awards and agreements. One of the reasons for such success has been the failure of waterfront employers and ship owners to stand together. Bridges' tactics are clever. He avoids stepping on the toes of all employers at the same time. He makes trouble for one employer one day and another the next and his aim is to keep them from acting together.

Recently things came to a head in San Francisco. The waterfront employers united and suspended all rela-

group will control distribution and whoever controls distribution rules the country. This may seem extravagant, yet we ship owners on the Pacific Coast do not think it is impossible.

### Employers have tried

YOU should know one other point. When the San Francisco general strike was ended, the waterfront employers and the men by referendum vote agreed to leave settlement of the longshoremen's dispute with the Board appointed by the President of the United States. The understanding was that the party who violated the Board's award would have the full force of the federal Government against it. The waterfront employers have tried to comply with all the



FOR NATION'S BUSINESS BY HAMMER

Even when they return home business men, through the referenda system, continue to guide the policies of the Chamber

tions with the San Francisco longshoremen. The Arbitrator was called in. He pointed out that he had no power to compel either party to live up to the award but took the position that unless, henceforth, both parties lived up to rulings already made and to such rulings as he might make hereafter, he would no longer act as Arbitrator. His only recourse was to resign and make public the reason. Bridges promised henceforth to abide strictly by the award.

Those of us who have watched developments were not surprised at the recent seamen labor troubles on the Atlantic Coast. We know that Bridges' aim is to extend his control to the Gulf and the Atlantic and that he hopes to have a maritime federation which will supplant all A. F. of L. unions in shipping. Once having that control, the next step will be control of all trucks. If that succeeds, the next step is to control the railroad unions. With that, Bridges and his

award's provisions. On the other hand, the unions have violated awards or agreements in numerous ways. These violations have been reported to the Secretary of Labor. The reply is "sorry—but we have no power to enforce compliance."

What then is the remedy? I can only point out that the Wagner Act has given labor increased privileges and power but with no corresponding increase in responsibility. Power inevitably leads to abuse. Corporations these days are being made to live in glass houses—perhaps some way can be found to require labor organizations to live more in the open.

Your interest in this situation is in its significance to your own industry and your section. This is not a local condition. It is a definite trend. More than that, it is a definite policy and sooner or later I believe you may be faced, in your industry, with what we are facing on the Pacific Coast in the shipping industry.



# *A Declaration of Business Policy*

## RESOLUTIONS

### Adopted by the Annual Meeting

#### Reemployment

WITH cordial approval the annual meeting has learned of the action of the Board of Directors of the Chamber in providing for the appointment of a special committee to survey the possibilities of reemployment by private enterprise. We urge cooperation of commercial organizations, manufacturers' associations, trade associations, and all governmental agencies, to the end that the efforts of the special committee may be expedited and made complete.

#### Business and Social Security

NATIONAL welfare depends upon ever-rising standards of living and increasing security to the individual. These can only be secured to the people of America by steadfast adherence to fundamental principles in the conduct of both government and business.

The true function of government is to maintain equality of opportunity for all, to preserve the sanctity of contracts, and to assume those collective activities which society must conduct as a whole. When government attempts by legislative means or executive fiat to impose upon business rules of conduct pertaining to such matters as wages, hours, conditions and terms of employment, or other restrictive measures interfering with the free play of economic forces, it retards both the material and spiritual progress of the nation.

Control of business must of necessity be vested in management, but management must assume its full responsibility in respect thereto. This responsibility runs not alone to ownership, but with even greater force to the human element of business enterprise.

Business would ignore its gravest responsibility if it failed to provide the greatest possible degree of economic security to the individual. The attainment of this end so necessary to the furtherance of American ideals will require not only the maintenance of high wages, but likewise a constructive solution to the complex problem of security to the individual when he or she has outlived their capacity to earn a comfortable living. Here again interference by government in attempts to reduce the whole complex problem to one of legislative formulae can only postpone the final solution by making it more difficult for business to assume its own obligations in the matter.

By the same token employees, too, must recognize their own responsibilities and refrain from the arbitrary imposition of any terms and conditions of employment which tend to impair or destroy the inherently mutual interests of both employers and employees.

#### Government Control of Production

TO the imposition of codes upon industry by administrative or executive authority, the Chamber has repeatedly expressed its opposition. Proposed federal legislation intended to bring about governmental control over hours and wages in enterprises performing work on government contracts would involve the imposition of codes in a most objectionable form. Governmental determination of hours of work and wage rates in private enterprises engaged in government contracts necessarily would affect terms of employment throughout industry

IN formulating and adopting resolutions, a prime duty of the Chamber of Commerce of the United States is to furnish to business definite leadership, guidance, and inspiration in the direction of developing practices which contribute to the increase of our national economic and social well-being.

and would result in uneconomic rigidity of business operations, thus producing general public detriment.

Government contracts should always be awarded to responsible enterprises, which can be depended upon to comply at least with the average standards of good practice prevailing in their own industries.

The Chamber continues to oppose governmental control of production, whether attempted directly or through such indirect means as legislation prescribing terms of employment to be observed in connection with government contracts. Federal control of production in private enterprise is indefensible and against the public interest.

#### Government Competition

THIS annual meeting has once more stated the opposition of the Chamber to government competition with the lawful enterprises of its citizens. It wishes to

add a reiteration of the Chamber's advocacy of legislation which would require every federal agency engaging in such competitive activities to keep and to disclose to the public a record of its costs, with allowances for all such items as depreciation, insurance and taxes incurred by private enterprise.

#### The Judiciary

IN ITS annual meetings the Chamber of Commerce of the United States has repeatedly adopted resolutions opposing

every proposal tending to deprive the Supreme Court of the United States of its function to determine the validity of Congressional action; or tending to minimize the power or diminish the jurisdiction of the federal courts; or to substitute the legislative will for the discretion of any federal court in the discharge of a judicial duty. We reaffirm the position taken in these resolutions and point to the fact that this has been the continuing policy of the Chamber through many years.

#### Agriculture

THIS annual meeting has earlier in its sessions restated and re-emphasized policies which the Chamber has long urged as in the interest of American agriculture. Other proposals



before this meeting relate particularly to foreign trade. They include proposals to facilitate exports of agricultural staples and to provide adequate protection against a new volume of imports that are competitive in home markets with the products of agricultural areas which are of great economic importance and which have suffered severely in the depression.

It therefore appears most timely that the committees of the agricultural and the foreign commerce departments of the Chamber should collaborate in arriving at joint recommendations of policy which would at once protect our agriculture in the home markets which it has long occupied and permit the continued use of reciprocal trade agreements based upon removal of restrictions which are arbitrary and do not serve a true economic purpose. There should be complete investigation of the effects of trade agreements in generalizing concessions to other countries, and steps taken at once to put an end to effects of this kind prejudicial to agriculture or any other field of enterprise.

## Foreign Trade

FOREIGN trade in different forms and relationships appears in several declarations of this annual meeting. The frequency with which foreign-trade factors affect domestic fields of enterprise makes evident the need of redoubled attention to the problems of foreign-trade policy.

Increase and improvement in the facilities for foreign trade are likewise needed. Some of these facilities have already been mentioned by this meeting. In the case of foreign exchange, the great need is for reasonable stabilization, which will permit business transactions to go forward without the hazards of speculation. As promptly as international conditions permit, steps should be taken by our government with other major nations to bring about such stabilization.

Rapid communication with foreign countries is another facility upon which foreign trade is often dependent. Between the enterprises providing such services and persons engaging in foreign trade there should be cooperation to the end that these services may be extended and their costs kept at levels that will prevent competitive disadvantage.

## Fair Competition in Distribution

ECONOMICAL distribution of the products of industry and agriculture is one of the chief problems facing business. Questions of what are fair prices and what are the most effective methods of distribution are matters of concern to all those engaged in production and distribution, and to the public which buys the products offered for sale.

More efficient distribution methods and the elimination of unfair practices will best serve the public interest and will ultimately produce the soundest prosperity for all engaged in business.

There is before this meeting a committee report dealing with distribution problems. This report is most timely in directing attention to the complexity of such problems, and to the far-reaching effects of various business practices upon distribution processes. Its constructive suggestions should be helpful to business men and their organizations.

Further study of these questions will be afforded through appointment of a special committee, as recently authorized by the Board of Directors, to examine various proposals dealing with price differentials, basing points, and related matters which would affect prices and methods of competition in distribution. We commend this action and urge the cooperation of all Chamber members toward aiding the committee in its inquiry.

## Residential Construction

THE annual meeting has had before it a report of the Special Committee on Housing which calls attention to an encouraging renewal of activity in residential building, and analyzes the factors which are stimulating and those which are retarding this recovery.

With the recommendations in this report we concur.

The construction of residences and the improvement of housing conditions should be recognized as a localized problem, requiring local initiative and enterprise. There is opportunity for chambers of commerce to encourage rehabilitation and gradual rebuilding of older and neglected areas in their communities and also to insist upon rigid enforcement of sanitary and fire laws with respect to all classes of residential property. For families needing such aid there should be rental subsidies from local relief agencies.

Emergency measures can now be terminated. The excess authorizations to the Home Owners Loan Corporation should be rescinded by Congress. The temporary operations of the R. F. C. Mortgage Company should cease as soon as practicable. Direct building activities of the federal Government should be discontinued. It is undesirable for government to become landlord to its own citizens.

The continuing activities of the Federal Home Loan Bank System and of the Federal Housing Administration, designed to increase the facilities of private individuals to purchase homes, should be encouraged.

## Federal Taxation

THE first step in bringing order into the finances of the federal Government should be reduction of expenditures both by Congress and by the Executive to those amounts which are needed for efficient accomplishment of purposes which are necessary and appropriate for the federal Government.

There should be an accompanying system of federal taxation that will have as its purpose the provision of revenues adequate to meet these expenditures through taxes that are equitably distributed and that do not by encroachments threaten the revenues of states and local governments.

The bill now pending in Congress is not a measure of this kind, and should have no place in the legislation of a period of economic recovery. This bill has been brought forward without consideration of the reductions which should be made in expenditures. There would not be the revenues which have been indicated. The chief features are not designed as means of taxation but are attempts to regulate the management of American corporations at a time when in the interests of recovery and reemployment business enterprise should be free from arbitrary impositions.

## Merchant Marine

REHABILITATION of the American merchant marine is of paramount importance to our commerce and to our national security from a military standpoint. To offset our higher shipbuilding and operating costs government assistance is necessary. As a definite part of the cost of national defense, direct subsidies should be granted for construction and operation of American-built vessels in regular service on essential trade routes to foreign ports meeting the requirements of the various trades.

As the experience of the United States, as well as of every maritime nation of consequence, has proved that the operation of ships requires the highest degree of individual initiative and flexibility of action, the merchant marine should be privately owned and operated, with only that amount of government regulation essential to insure its maximum usefulness to American commerce, safety at sea, and availability for military purposes.

## Railroad Consolidations

IN the sixteen years which have passed since the Transportation Act of 1920 was enacted the extensive plan of railroad consolidations which was contemplated has not made the progress which was expected. A report of a special committee which is before this meeting makes recommendations which, if put into effect, would serve to facilitate consolidations. In these recommendations we concur.



The principle of voluntary consolidation of railroads, we therefore believe, should be preserved. Congress should now release the Interstate Commerce Commission from its obligation to maintain a comprehensive plan of consolidation of all railroads into a limited number of systems, preserving the benefits of all of the studies which have been made in some less exacting form for indicating the Commission's views as to the public interest. For the purpose of eliminating unnecessary and wasteful competition and furthering efficiency of service, railroads should be permitted and encouraged by law and by the Commission to effect consolidations, always subject to approval by the Commission as to the public interests which are involved.

## International Air Services

RAPID transport by air of letters and documents, as well as passengers, is a growing factor in directing the course of international trade. Particularly in the Latin-American field and in the Pacific basin rapid air transportation will be of increasing importance to American exporters, in their competition with the traders of other nations. Business men and the Government should lend full encouragement, during the development period of such services.

## Water Resource Policies

ONLY when flood control projects are on major streams and affect a number of states and are of unquestioned concern to the country as a whole should primary responsibility rest with the federal Government. Primary responsibility for other flood control projects should rest with the states, acting either individually or through compacts. Cost for flood control should be borne by federal and state governments and by districts, according to benefits received.

Pollution control—a local problem—should be dealt with by individual states and communities or, where two or more states are concerned, by compacts. States should enact appropriate laws for dealing with pollution through agencies vested with authority to program, authorize, enforce and administer suitable regulations. In all public activities with respect to pollution there should be full opportunity for local, municipal, and industrial representation.

The generation of electric energy for commercial use from water power in "navigable waters" is a proper function of private enterprise. Such development should be had in accordance with the policy laid down by the Federal Water Power Act, and should not be undertaken by the federal Government. As to federal Government agencies now engaged in generating and selling electric energy, the strict accounting required by the Federal Water Power Act should be enforced, with credits for benefits to navigation and flood control in proportion to actual benefits contributed thereto.

By cooperating with states and state compact agencies, the federal Government should assist in assembling information on control and use of water resources, and in carrying on scientific investigation. Appropriate state agencies to deal with state and local water control and use problems, where not already created, should be promptly authorized.

## National Forestry Policy

RECONCILIATION of the fundamental principle of private ownership and conduct of necessary lumbering operations with the obvious need of conserving natural resources for protection of watersheds, and preventing hazards and loss from soil erosion, requires the intelligent cooperation of every private, state, and federal agency concerned.

The principle of "sustained yield" whereby the amount cut annually does not exceed the amount grown annually should be applied to all forests, whether private or public. Proper and adequate state and federal legislation is a prerequisite to the application of this principle by private ownership.

Private ownership of forest lands should be fostered through intelligent treatment by state and federal Government in respect to taxation and similar factors. In return for which, such private ownership should recognize the vested interests of the public in all natural resources and conform its operations to the principle of sustained yield. In furtherance of this desirable policy the Government, as part of its present acquisition program, should assist in "blocking out" such units by acquiring forest lands including, where necessary, mature timber.

The federal Government should, for the protection of headwaters of navigable streams, acquire forest lands on which crops of trees cannot now be profitably grown by private enterprise. States and municipalities should acquire the remainder of such lands. Acquisition should be continuous and under programs that will not unduly add to the burdens of existing government debts.

The National Chamber emphasizes to its organization membership in forest states the necessity for prompt and vigorous state action in respect to intelligent taxation of forest lands and the institution of policies which will beget a maximum of economic use with a minimum of interference to private business.

## Other Subjects

OTHER subjects of obvious importance have been before the Resolutions Committee, and regarding some of these subjects

representatives of member organizations have appeared and presented reasons for their concern. As to each of these subjects, however, the Committee finds grounds for hesitating to recommend action at this time, and accordingly proposes that these subjects be referred to the Board of Directors in order that in each case such further provision as may be appropriate may be made for examination and preparation for later action:

*Agricultural Prices and Production;*

*Air Defense*, with a suggestion that the declaration of last year gives the Chamber an advanced position;

*Air Defense in Alaska*, with a suggestion that the declaration of last year places the Chamber in support of adequate bases in the territories;

*Air Fields in Alaska;*

*Air Mail to Alaska;*

*American-Made Products;*

*Civic Development;*

*Lake Michigan*, with a suggestion that the subject should have further study;

*Natural Business Year*, with a suggestion that the Board of Directors request a report from the Finance Department Committee;

*Navigation Aids*, with a suggestion that efforts be made to promote adequate charting and marking of navigable waters, together with their proper patrol;

*Neutrality*, as a statement of the problems involved for possible use when the subject becomes timely;

*Definition of National Problems*, for such studies as are suggested and as are found practicable;

*Railroad Grade Crossings;*

*Retail Distribution*, with a suggestion that the Chamber is committed by a recent declaration against discriminatory taxation;

*Social Security Act*, with a suggestion that the Board place these proposals before the committee which is giving attention to the subject;

*Subversive Activities*, with a suggestion that the Chamber is fully committed with respect to the subject by virtue of recent declarations;

*Preparation and Dissemination of Facts Relating to Industry, Commerce, and Business*, with an expression of support for such activities as are proposed;

*Voluntary Fingerprinting*, with a suggestion that the subject might appropriately be considered by the secretaries of organization members.



# HAULS 600 TONS DAILY



Truck being loaded at mine of Industrial Coal and Iron Co. in Southern Ohio

## COAL MINE TRUCK CARRIES 31-TON LOADS . . . NEVER TOUCHES PAVEMENT—TIRES TAKE IT

Six hundred tons of coal hauled is just a day's work for one of these big trucks. Five such semi-trailer units are constantly on the go. They're loaded in a hurry by big, powerful electric shovels. Then, after leaving the stripping operation, they drive through mud and water—over stones. They never see a paved road. And the gross load is over 31 tons. What a job for tires!

### Tires Triple Protected

Yet Triple Protected Silvertowns take the trucks through with never a let-down. Not one sidewall break is chalked up against

them in over a year!

It's that kind of service that leads truckers to choose Triple Protected Silvertowns for their toughest hauling jobs. And if they stand up under the brutal, grinding service of a strip mine, they'll save money on your trucks, too.

Here's the secret of Goodrich performance. Every Silvertown is built with a new invention in the sidewall. This development—Triple Protection—provides a 3-way safeguard against sidewall breaks—the cause of 80% of premature failures! When you get this protection, you've

gone a long way toward getting tire costs down to bed rock. Don't take

chances. Insist on Triple Protection when you buy. It costs you *nothing extra*.

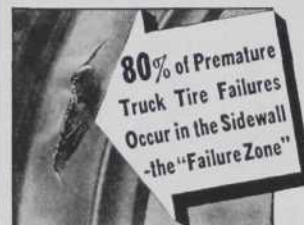
### HOW TRIPLE PROTECTION WORKS

**1 PLYFLEX**—a new, tough, sturdy rubber material with greater resistance to stretch. A layer of Plyflex in the sidewall prevents ply separation—distributes stresses—checks local weakness.

**2 PLY-LOCK**—the new Goodrich way of locking the plies about the bead. Anchoring them in place. Positive protection against

the short plies tearing loose above the bead.

**3 100% FULL-FLOATING CORD**—Each cord is surrounded by rubber. With ordinary cross-woven fabric, when the cords touch each other, they rub—get hot—break. In Silvertowns, there are no cross cords. No friction.



© 1936, The B. F. Goodrich Co., Akron, Ohio.

# Goodrich *Triple Protected* Silvertowns

SPECIFY THESE NEW SILVERTOWN TIRES FOR TRUCKS AND BUSES





ILLUSTRATIONS BY BARNEY TOBEY

A tremendous crowd was in town and our "Circus Day Special" was distributed before the parade

# Big Crowds Don't Mean Big Sales

By CARL GOERCH

Publisher, "The State," Raleigh, N. C.

"IF I EVER get hooked again by any such scheme as that, I hope somebody will see that a guardian is appointed to look after me. It isn't the first time, either. Each time I swear it's going to be the last, but when some slick-talking salesman comes along, I come right back again. Just the same, I'm hoping that from now on I'll have sense enough to use better judgment."

The man who was expressing himself in this forceful fashion was Frank Bowers, one of the leading merchants in a town where I used to live. He is generally regarded as an up-to-date and progressive business man, interested in the development and progress of our community and always ready and willing to do his part. He and I had been talking about the outcome of a special business-promotion scheme which had received the support of quite a number of local stores, including his.

A well-dressed gentleman had come to town a couple of weeks before with a great trade-boosting scheme. His idea was to stage a 100-hour endurance drive in an automobile, passing through the streets of our town and visiting other communities in our trading territory. In enthusiastic fashion he told of the interest that

**THERE is a vast difference between bringing people to your store and selling a lot of merchandise. A scheme that will bring the people may really hurt sales. In this article Mr. Goerch draws on his experience as a small-town editor to point an interesting advertising moral**

would be aroused on the part of thousands of people, of the fine publicity that would be given the stores of our city and of the great financial benefit that would accrue to everybody.

## Interest, but no sales

IT WAS something new and something different. Business men asked questions about the stunt and intimated that they might be interested in the plan.

Our town wasn't a very large place; the population was slightly more than 7,000 and there were only about 50 modern stores in its business section. In spite of this, the visitor got 47 establishments to sign on the dotted line. Each of them agreed to pay him ten dollars and they immediately made preparations for a great revival in business while the drive was going on.

A large crowd gathered on the courthouse square to watch the start of the endurance drive. The promoter was handcuffed to the steering wheel so that he couldn't leave the car and take a nap in some lonely spot, should such an idea occur to him. He started the motor of his car and, after a brief speech from the president of the Merchants Association, the great 100-hour drive got under way.

He drove for four days and nights.

He visited the neighboring towns and he talked from the seat of his automobile, praising the stores of our town and telling of the fine values to be found there. Large crowds greeted him at every stop. Prizes were offered to the person who came closest to guessing the number of miles covered during the 100 hours. There was no question but that everybody was interested. Neither was there any doubt about the publicity that was



NEW LOW PRICE

# *Frigidaire* WATER COOLER

**15¢ A DAY**  
 BUYS IT  
*as little as*  
**2¢ A DAY**  
 RUNS IT!

Have cool, refreshing water in your office . . . conveniently near, and always just the right temperature—for health and satisfaction.

● Here is a water cooler built and priced expressly for the smaller type of general offices, for all private offices, reception rooms, showrooms and similar installations.

Frigidaire's new water cooler provides an abundance of delicious, sparkling water at an amazingly low cost. Actually less than ice. 15c a day buys it . . . as little as 2c a day runs it. Just the price of a pack of cigarettes and a postage stamp.

It offers revolutionary features of design, operation and economy never before available at such low cost . . . Unusual sanitary provisions, outstanding advantages of convenience and construction, and low-cost cooling by the famous Meter-Miser cold-making unit.

Made for bottled water or city pressure connection. Handsome design. Bronze Duco finish.

It will pay you to learn more about this cooler. For details and descriptive folder, see your local Frigidaire dealer or write Frigidaire Corporation, Dept. 66-6, Dayton, Ohio.

*Drink more Water!* FOR BETTER HEALTH  
GREATER EFFICIENCY



*Costs less than ice!*

  
**FRIGIDAIRE**  
 MADE ONLY BY GENERAL MOTORS



being given our stores. But the sad part was that the great revival in trade did not materialize. So far as the individual merchants were able to figure out, they did not gain one penny's worth of additional business and not a single new customer was brought to their stores.

### The idea was just wrong

WE couldn't blame the promoter. He carried out his part of the bargain to the letter and he did everything that he had contracted to do. The trouble wasn't with him; it was with the idea. The thing just naturally didn't pan out, and that was why Frank Bowers was so bitter in denouncing it. Everybody else felt the same way about it.

The average small-town merchant used to go in big for enterprises of this kind. To do a big business, he realized that he had to get a big crowd in his store. It took him a long time to discover, however, that the mere presence of a big crowd did not necessarily mean he would get a huge trade. Gradually he began to learn that the success or failure of a crowd-drawing stunt lay entirely with the method employed in getting the folks to his store. The presence of two or three hundred people at his store might lead to a heavy increase in business while a mob of two thousand or more might bring no extra trade.

I ran a weekly newspaper in that town. I recall once when a well-known circus was billed to play there in the early fall. I was struck with the thought that the occasion warranted getting out a special edition

for the merchants. Thousands of visitors would be thronging our streets on circus day. What a splendid opportunity to stage a community-wide sale!

The merchants thought so, too. I told them the plan and elaborated on the fact that here was a chance to make a lot of extra money. In addition to our regular circulation, I promised to run off a couple of thousand extra copies and have these distributed among the visitors early in the day.

"People will be standing on the streets, waiting for the parade," I explained, "and I'll have the papers handed out a couple of hours before the parade is scheduled to start. The folks will have nothing to occupy their minds and we'll make the issue so attractive that they'll be bound to read it. If they see special bargains advertised, they'll take advantage of them. You'd better make special preparations for handling the crowds, and it wouldn't be a bad idea to hire some extra salespeople."

We published our "Circus Day Special." It was a fine looking paper, if I do say it myself. We sent it out to our regular subscription list and we published and distributed the two thousand extra copies. A tremendous crowd was in town. The weather was fine. The crowd on the sidewalks was so great that it was almost impossible to walk anywhere. I was proud of the bright scheme I had originated and carried out.

I continued to feel good until I appeared on the streets the next morning. Several merchants stopped me.

They seemed to be slightly peeved. Instead of having been deluged by shoppers who purchased huge bills of goods, circus day had proved to be one of the sorriest business days of the entire year.

"Weren't the crowds here?" I demanded.

The merchants agreed that they were.

"Didn't we get out a fine paper for you?"

That fact also was admitted.

### A crowd that wouldn't buy

"DIDN'T we distribute the two thousand extra copies while the crowds were all around your store and didn't the folks read the papers?"

None of this was denied. The only thing about the entire proposition that failed to materialize was the increased business. The crowds weren't interested in 10 per cent reductions in percale, or \$25 suits for \$19.50. They were utterly indifferent to bargains in groceries, drugs and hardware and their attention for the day was focused almost entirely on lions, tigers, clowns and red lemonade. That episode taught me my lesson. Before that, I, too, had been a great believer in crowds. I had thought that when you enticed a few hundred people into a store or in front of a store, you had accomplished something really worth while and that would result in financial gain to the merchant who owned that store. I have never attempted to get out another special edition for any such occasion.

Yes sir, the "Circus Day Special"



Carnivals, contests and other spectacular events bring crowds to town but I have yet to find the merchant who says that they stimulate business very much





# Their Speech is Different But Their *Desires* the Same

Filling market baskets through *salesmanship-in-print*  
is the same the world over

Advertising, in its modern form, is an American creation—born and raised to serve American Industry.

Foreigners have always considered it unique to this country—like the Yankee Drawl, or the Western Cowboy. "It may work in the United States," they said, "but it is impractical, even unwelcome, over here."

In recent years, our experience with foreign advertising has brought radical revision of this idea.

## "Reason-Why"—a universal appeal

True salesmanship-in-print has proved its power to sell goods in any country, to any kind of people. Through this fundamental principle—"Give to the consumer, in a compelling way, the REASONS-WHY it is in *his* interest to buy your wares."

There used to be a great-to-do about "Local Color"—putting distinctive local phrases in the copy.

For example, the phrase, "A chukker of polo" was supposed to give an advertisement the local color of British India. And mention of "Pampas" was almost obligatory in South American advertising. No Spanish advertisement was complete without a "senorita" prominently displayed.

Such "local color" was used in all advertising, from

soaps to rubber tires—with results that may have given foreigners some strange ideas of American advertising.

## Self-interest first—Local color second

Now we leave local color entirely to native writers who understand the language and idiom of the country. Those who, knowing its habits and thoughts, oftentimes use basic selling ideas—REASONS-WHY—that are *exactly* like our own. Their appeal is universal.

And just as often, our foreign offices supply Reasons-Why which we find use for in America. The deep-rooted prejudices against American advertising abroad have yielded to sound principles of selling which replace the old ideas of "Local Color."

## True Salesmanship-in-Print Knows No Borders

True *salesmanship-in-print* knows no borders, for people are essentially the same everywhere. The same emotions, desires, needs and dreams inspire the actions of all human beings. Advertising that embraces this basic psychology wins markets and sales the world over.

Our foreign offices will gladly cooperate in planning and directing programs that bring "American Results" in the way of increased sales and profits.

# LORD & THOMAS • *advertising*

There are Lord & Thomas offices in New York; Chicago; Los Angeles; San Francisco; Toronto; Paris; London  
Each office is a complete advertising agency, self-contained; collaborating with other Lord & Thomas offices to the client's interest



was a fizzle. Our merchants are at last beginning to find out that circus methods used in an endeavor to stimulate business belong in the same class.

The Bargain Store advertised a big clearance sale and, to draw the crowds, announced that one hundred prize packages would be thrown from a second-story window to the people who were at the main entrance ten minutes before nine o'clock.

### Scrambled for the prizes

AT least 500 people were on hand. Mr. Levinstein, the proprietor, rubbed his hands gleefully. One of his clerks made a peppy talk from the upper window, detailing some of the wonderful values that would be offered during the sale. Then the fun began. The crowds scrambled madly for the packages as they were tossed into the street. Men, women and children fought over shoes, dresses, shirts, hats and other merchandise. Everybody had a good time, including two or three hundred additional people who gathered as spectators and took no part in the scramble. However, they helped to swell the crowd.

Nine o'clock came. The last of the packages was flung into the crowd and the doors of the store were thrown open. Salespeople braced themselves for the grand rush, but there was no rush. Thirty or 40 people entered in leisurely fashion, bought such merchandise as appealed to them, and walked out just as leisurely. The mob went to their respective homes or to their respective jobs. At nine o'clock on the second morning of the sale, more shoppers were in the store than at the same hour on opening day. Another apparently good idea gone wrong!

### Getting people to the store

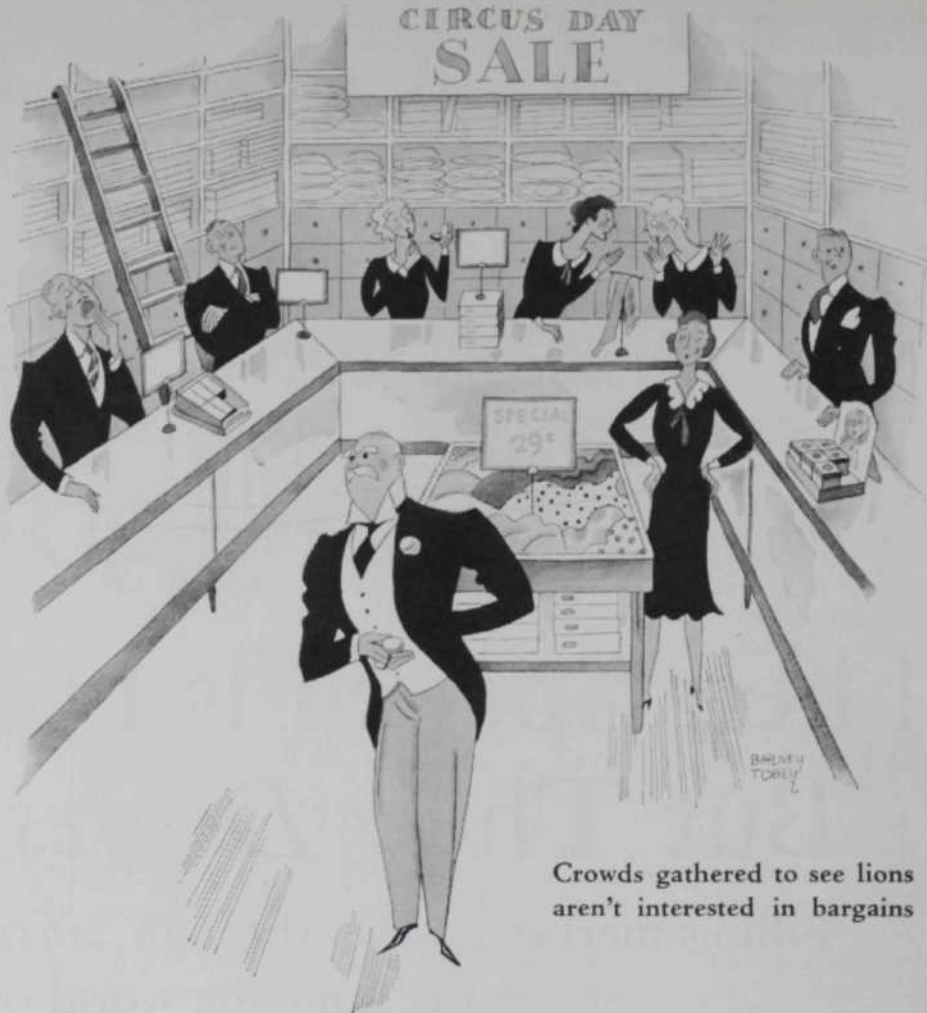
ONE day one of our prominent advertisers was discussing with me the value of newspaper space. He seemed to be rather dubious about the results he was getting out of his advertising.

"It doesn't bring as many people to our store as it should," he complained.

"If it's people you want, I can get them for you," I told him. "It won't be any special difficulty to bring a couple of hundred extra folks to your store tomorrow, or the next day."

"How are you going to do it?"

"Let me fix you up an advertisement, offering an article of merchandise as a prize for the best solution of some sort of puzzle, which will appear in your advertisement in our next issue. I'll stipulate in the ad that the answers must be brought to the store by the individuals who compete for the prizes."



Crowds gathered to see lions aren't interested in bargains

The merchant thought well of the idea, and the advertisement appeared. So did two or three hundred people at the store. They delivered their answers to one of the girls in the office at the rear of the store, and then they turned around and walked right out again. I had kept my part of the agreement, but so far as helping business was concerned, the plan was an absolute failure.

"But it showed you that folks read the ads, didn't it?" I asked the merchant.

He assented.

"And you also will agree," I continued, "that if your advertisement had contained straight merchandising facts, it also would have been read."

"Perhaps so."

"Then why not continue advertising your goods and their prices without resorting to a lot of tricks in an effort to attract crowds that won't spend a cent?"

He caught the point, and he told me recently that he believed his advertising was paying him good returns.

Dozens of similar illustrations might be mentioned. A hypnotist came to town for an engagement at a local theater.

He called on one of our merchants and proposed to put a subject to sleep in the store window. The subject would remain there forty-eight hours. Scores of people would be grouped

around the window while the man lay there. They would look at the sleeper and at the same time they would look at the merchandise displayed in the window. Greatly increased business was bound to result. The charge for all this would be only twenty-five dollars.

### Old schemes haven't paid

THE idea was carried out. The man was put to sleep and the crowds milled about the window, but none of them went inside to buy any goods. I believe that merchant learned his lesson, because when this 100-hour endurance drive came up, he was one of the few who refused to have anything to do with the scheme.

"How many beans are there in this jar? The person who makes the closest guess will get five dollars!"

You've probably seen that trick tried many times. Has it induced you to buy any merchandise at the store which put on such a contest?

"We give tickets with every dollar spent at our store. Valuable prizes will be offered!"

Have you ever become interested in one of those affairs? It's nothing but a revival of the old trading-stamp era, and that was found unprofitable two decades ago.

Tricks, schemes and ballyhoo stunts are no longer profitable so far as pro-

(Continued on page 125)



## CHEVROLET



*Beauty is only half the story of  
the only complete low-priced car*

**NEW PERFECTED HYDRAULIC BRAKES**

**SOLID STEEL one-piece TURRET TOP BODIES**

**IMPROVED GLIDING KNEE-ACTION RIDE\***

**GENUINE FISHER NO DRAFT VENTILATION**

**HIGH-COMPRESSION VALVE-IN-HEAD ENGINE**

**SHOCKPROOF STEERING\***

\*Available in Master De Luxe models  
only. Knee-Action, \$20 additional.

**GENERAL MOTORS INSTALLMENT PLAN—  
MONTHLY PAYMENTS TO SUIT YOUR PURSE**

A GENERAL MOTORS VALUE



Seeing is believing that the new 1936 Chevrolet is the most *beautiful* low-priced car of the year. But beauty is only half the Chevrolet story. . . .

This new Chevrolet is as *safe* as it is beautiful . . . as *thrilling* as it is safe . . . and as *comfortable* to ride in as it is thrilling to drive!

You will enjoy *all-round* motoring satisfaction when you own one of these new Chevrolets, because it brings to you New Perfected Hydraulic Brakes and a Solid Steel Turret Top Body for maximum security; a High-Compression Valve-in-Head Engine for finest performance with economy; and Knee-Action Wheels,\* Shockproof Steering\* and Genuine Fisher No Draft Ventilation for greatest comfort and safety.

All things combine to make the new Chevrolet for 1936 *complete* beyond any other car in its price range.

You who want luxurious motoring at low cost will find the perfect answer to your desires in this *only complete low-priced car*.  
CHEVROLET MOTOR COMPANY, DETROIT, MICHIGAN



# No Business Can Escape Change

**New products which stir or fill new needs form one of our surest, most active sources of new jobs**

A popular car is now offered in a four-door, normal-appearing type which converts into an ambulance. Half the back seat folds upward to permit entrance of a stretcher from the rear. Stretcher, runway, etc., are stowed away when not in use. . . .

Simple but useful: a new holder having four metal fingers which can be bent to grasp any watch and a clip on back for attaching it to an auto mirror also a hole for hanging. . . .

Paper window shades in a new finish which has a close resemblance to linen are now on the market. . . .

A new-type oil filter for buses, trucks, tractors (also autos, soon) removes foreign matter and restores the oil's natural color. Filtering element, porous ceramic material, is renewable merely by removing top cover of the steel case. . . .

A high-gloss baking enamel, said to be highly resistant to alcohol, proof against cigarette burn, has been developed. It's applied by spraying or dipping, is baked one hour at 300° F. . . .

A new processing method is said to give a new house paint unusual sealing and preservative powers, resistance to peeling and fading. Two coats suffice where formerly three were needed. . . .

Eight kinds of household papers (in rolls) are contained in a new paper kit for the kitchen wall. Front's usable as a pastry board, also includes calendar, memo pad, grocery list, mirror. . . .

Only a flip of the wire handle is needed to change a new basket-type sink strainer into a stopper and vice-versa. Handle also permits removal without touching waste matter. It fits sinks having 2" to 2½" drillings. . . .

One merely wets a new polishing tissue and rubs to put a shine on silver, brass, other metals, windshields, etc. The tissue is a tough, cloth-like cellulose and can be used repeatedly. . . .

Two new portable air-conditioning units make their bow—one designed to rest on the window sill and of half-ton capacity; the other a three-quarter ton floor type. Both plug into any electric outlet, neither needs water or drain connection. . . .

Close temperature regulation in steam-heated water heaters and process tanks (dye vats etc.) is afforded by a new automatic control. It's usually connected to the outlet or condensate end of coils, eliminating regulators and traps. . . .

A new, decorative gas heater presents the appearance of a colorful pottery vase, resting in a wrought iron stand. Air is drawn in at the bottom, warmed, and passed out the top. . . .

A smooth finish, instead of the characteristic hairy or coarse-textured surface, distinguishes a new insulating board. It's said to retain full insulating value, may be had in several colors. . . .

A sound-absorbing plaster, hard and washable despite its accoustical properties, is now on the market. It comes in pastel shades and white, is applied much like ordinary plaster. . . .

Flush-door beauty at panel-door cost is provided by a new-type door. A white pine frame is built around a waffle-like, insulating-board core and the surfaces are veneer-covered. . . .

A new floor covering (for commercial-industrial use) consists of a calendered mastic mix on a tough saturated felt backing. It can be installed on grade-level concrete floors. . . .

Fire-safe, protective gravel surfaces, common on flat pitch roofs, can now be used on steep roofs (2"-6" inclines to 1') as a result of the development of a new coal-tar pitch which is said to have unusual pliability and stability both in heat and cold. . . .

A new plastic sheet material is said to have a high-gloss finish, high tensile and flexural strength, to be odor-free, resistant to heat, chemicals (save strong alkalies), oxidizing acids. . . .

Thin sheets of pre-finished metal are now being cemented to heavy cardboard or other non-metallic backing to provide a light, low-cost material for dress ornaments, buckles, signs, etc. . . .

There's a new coating for plating racks, said to be satisfactory for practically all kinds of plating service and described as translucent, corrosion-resistant, tough, inert, non-conducting. . . .

Made of synthetic plastic, virtually indestructible identification labels for plants, shrubs, etc., are now available. There's also an indelible, rain-and-sun-proof ink for permanent markings. . . .

Designed for welding and similar services, a new non-kinking tubing consists of twin hose joined by a connecting web. Cross-section resembles a figure 8. . . .

Pliers with electrically heated jaws have been developed to speed soldering of connections, and also joints in copper pipe. They plug into any 110-v. ac outlet, both heat and grip the work. . . .

Belts up to 1½" thick, 8" wide (save metal-stitched ones) are cut cleanly, squarely by a new portable cutter. It weighs only 4 lbs., 3 oz., has a readily replaceable alloy steel blade. . . .

Grocers and others are offered a new electric insect killer. Plugged in at store-closing time, it vaporizes a pyrethrum liquid said to kill all flies, then shuts off automatically. . . .

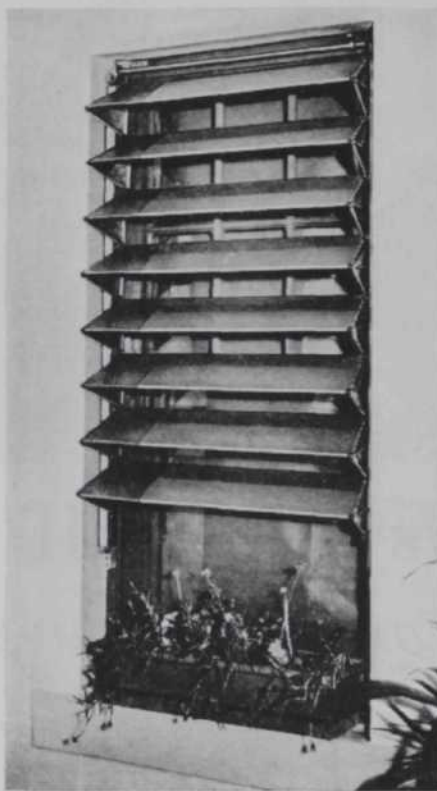
A new butchers' sharpening set consists of two stones of varying particle size, mounted on a revolving shaft in a molded plastic housing. Lower stone lies in oil and is brought into working position by a turn of a knob. . . .

Clean, economical heat for restaurant coffee urns and small steam tables is furnished by a new, portable cast-aluminum heater. It uses a briquetted charcoal fuel. Heat's regulated by a simple, positive draft. . . .

No licking is needed to seal a new envelope. Back flap and an underflap carry an adhesive which sticks only to itself. One need only turn up the underflap, fold over the back flap, and press. . . .

—PAUL H. HAYWARD

EDITOR'S NOTE—This material is gathered from the many sources to which NATION'S BUSINESS has access and from the flow of business news into our offices in Washington. Further information on any of these items can be had by writing us.



A new design of permanent, ventilated all-metal awning (copper or aluminum) serves also as a blind, projects but a few inches from the building, offers no wind resistance, adjusts by a hand crank



# MODERN INSIDE AND OUT

THAT C-H modern design sweeps through from the most minute detail to the very appearance of the complete unit is a fact both machine buyers and builders appreciate. Advanced construction features mean better performance, fewer interruptions, lower maintenance—savings no factory can afford to miss. Builders of modern motorized machines recognize these advantages and add them to their sales features by standardizing on Cutler-Hammer Motor Control. The outstanding preference for Cutler-Hammer Motor Control is the direct result of constant C-H leadership in design and engineering.

• Shown on this page is the C-H 9586 "AAA" (N.E.M.A. Size 1) Automatic Push Button Control with Overload Protection—1 to 5 H.P., 110-220 Volts, 1 to 7½ H.P., 440-550 Volts. Write for bulletin showing available sizes and combinations. CUTLER-HAMMER, Inc., Pioneer Manufacturers of Electric Control Apparatus, 1251 Paul Ave., Milwaukee, Wisconsin.

## CHECK THESE EXCLUSIVE FEATURES

Solid silver contacts—made from bimetal billets of silver and bronze rolled to size. Not merely silver plated or spot welded silver contacts—but solid silver, full area contacts that assure much longer life.

The armature lever and cable contact bridge assembly is easily removed without tools—without disturbing the contact springs or other parts.

The stationary contacts can be replaced individually by removing only one screw.

The operating coil may

be removed by merely bending up the clips. The 9586 "AAA" may be changed from one voltage to another in 2½ minutes.

5. The heater coils in the overload relay can be changed in less than 2 minutes to adjust for motor size. Only a screw driver or pliers is needed.

6. The entire panel of a "Triple A" can be removed for wiring by loosening only a single mounting screw.

7. Only genuine Thermoplas arc barriers such as used in heavy duty control are used in 9586 "AAA."

NEW MAGNETIC LATCH... Permits use of standard motor where subjected to severe shock, as on portable cranes, etc. Feature pioneered by C-H now further improved. Operates on very low voltage. Long life. Shock proof.



N. E. M. A. Size 1

# CUTLER-HAMMER

## Triple A MOTOR CONTROL

Built to the Standard of



Millions of Operations



# A Day in the Senate in 1945

AS anticipated by a well known Washington Correspondent who, from the Senate Press Gallery, has observed, sometimes with dismay, the efforts of our legislative servants to get the "will of the people" onto the statute books

## Congressional Record

EIGHTY-THIRD CONGRESS, SECOND SESSION

Vol. 90

WASHINGTON, MONDAY, MAY 4, 1945

No. 104

### SENATE

MONDAY, MAY 4, 1945

(Legislative day of April 1, 1945)

The Senate met at 12 o'clock meridian.

Introduction of bills and resolutions:

By Senator HOKUM, of Arkansas. A bill (S5674) to establish a federal commission and to provide funds to remove the burden of taxation from the shoulders of the people; to pay all taxes levied by the National Government; and for other purposes.

SENATOR HOKUM: Mr. President.

THE VICE PRESIDENT: The chair recognizes the Senator from Arkansas.

SENATOR HOKUM: The bill I have just sent to the desk is of such far-reaching importance, so essential to the prosperity and well-being of the country, and so necessary if we are to progress as a nation, that I ask unanimous consent that it be read in full at this time for the information of the Senate.

THE VICE PRESIDENT: Is there objection? The chair hears none. The clerk will proceed with the reading.

THE CLERK:

A bill to establish a federal commission and to provide funds to remove the burden of taxation from the shoulders of the people; to pay all taxes levied by the Federal Government, and for other purposes.

Be it enacted by the Senate and the House of Representatives of the United States of America in Congress assembled,

#### DECLARATION OF POLICY

SECTION 1. (a) That it is hereby declared to be the policy of Congress to remove the burden of taxation from the shoulders of the people, to provide funds for the payment of all taxes, individual- and corporation-income as well as excise taxes, in order to relieve them of intolerable impositions and to promote the general welfare.

(b) The Federal Taxpayers' Relief Commission shall execute the powers vested in it by this act only in such manner as will, in the judgment of the board, aid to the fullest practicable extent in carrying out the policy above declared.

#### FEDERAL TAXPAYERS' RELIEF COMMISSION

SECTION 2. A Federal Taxpayers' Relief Commission is hereby created, which shall consist of eight members to be appointed by the President, by and with

the advice and consent of the Senate, and of the Secretary of the Treasury, *ex officio*. In making the appointments the President shall give due consideration to having the major tax-paying groups in the United States fairly represented on the board. One of the appointed members shall be designated by the President as chairman of the board and shall be the principal executive officer thereof. The board shall select a vice chairman who shall act as chairman in case of the absence or disability of the chairman. The board may function notwithstanding vacancies and a majority of the appointed members in office shall constitute a quorum. Each appointed member shall be a citizen of the United States and shall not actively engage in any other business, vocation or employment other than that of serving as a member of the board. Each appointed member shall receive a salary of \$12,000 a year, together with necessary traveling and subsistence expenses, or *per diem* allowance in lieu thereof, within the limitations prescribed by law, while away from his official station upon official business.

#### GENERAL POWERS OF THE BOARD

##### SECTION 3. The commission—

(1) shall maintain its principal office in the District of Columbia, and such offices in the United States as in its judgment are necessary.

(2) shall have an official seal which shall be judicially noticed.

(3) shall make an annual report to Congress upon the administration of this act and any other matter relating to the better effectuation of the policy declared in section 1, including recommendations for legislation.

(4) may make such regulations as are necessary to execute the functions vested in it by this act.

(5) may appoint and fix the salaries of a secretary and such experts, and, in accordance with the classification act of 1923, as amended and subject to the provisions of the civil service laws, such other officers and employees as are necessary to execute such functions.

(6) may make such expenditures, including expenditures for rent and personal services at the seat





# Adequate and Economical POWER AND HEAT

ARE OTHER REASONS FOR LOCATING IN

## *New England*

To manufacturers, utility service means an adequate supply of electricity and gas, adequate not only for normal operations but also for occasional peak demands.

It means dependable power at all times, with the danger of interruptions reduced to a minimum because of interconnected transmission lines and alternative sources of supply.

Helpful utility service includes, also, timely recommendations for increasing plant efficiency through the more effective use of existing utility facilities, or the installation of additional electric and gas equipment.

Utility companies in New England furnish helpful gas and electric service to manufacturers. For more than half a century they have shared with New England industries their specialized knowledge, skill, and experience in solving a wide variety of power and heating problems.

Cooperation between utilities and industries is an established fact here. It is one of the many advantages which New England offers to industry.

For the past ten years, the New Eng-



**PROFIT PLANT.** This plant, the largest of its kind in the country, employs 1,000 workers and manufactures confectionery products known everywhere for their high quality and customer appeal. Low power and light rates in this city were recently made still lower by voluntary rate reductions.



**POTENTIAL PROFIT PLANT.** Located on one of the most travelled arteries in the country, this building offers excellent opportunities for advertising. Eight stories and basement of first class, concrete fire-proof construction. Air-conditioned. Private four-car railroad siding. May be leased in whole or in units at surprisingly low figures. Reasonable power and light rates add to its general appeal.

land Council has been the source of authentic information on New England. Manufacturers who are thinking of plant location or expansion should avail themselves of this information. The service is free. Write today to the New England Council, Statler Building, Boston.



**NEW ENGLAND COUNCIL** *Statler Building, Boston*



of Government and elsewhere, for law books, periodicals, and books of reference, and for printing and binding as are necessary to execute such functions. Expenditures of the board shall be allowed and paid upon the presentation of itemized vouchers therefor approved by the chairman of the board.

(7) shall meet at the call of the chairman, the Secretary of the Treasury, or a majority of its members.

#### DISSOLVING FUND

SECTION 4. There is hereby authorized to be appropriated the sum of six billion dollars which shall be made available by Congress as soon as practicable after the approval of this act and shall constitute a dissolving fund to be administered by the board as provided in this act.

#### ADMINISTRATIVE LUMP SUM APPROPRIATION

SECTION 5. For expenditures in executing the functions vested in the commission by this act (including salaries and expenses of members, officers and employees of the board and *per diem* compensation of members of bodies) there is hereby authorized to be appropriated the lump sum of ten million dollars, such fund to be available to members and their agents in seeking out persons who seem to be reluctant to take advantage of the benefits of this act.

#### PENALTY FOR DISOBEDIENCE

SECTION 6. (a) It shall be unlaw-

ful for any resident of the United States to refuse to accept funds tendered by the board for the payment of his or her taxes. Anyone violating the provisions of this act shall be fined not more than \$100,000, or imprisoned not more than 50 years, or both.

(b) If any provision of this act is declared unconstitutional, or the applicability thereof to any person, circumstance, or form of taxation is held invalid the remainder of the act and the applicability of such provision to other persons, circumstances and forms of taxation shall not be affected thereby.

SENATOR HOKUM: Realizing that this will probably be the subject of more or less discussion, I should like permission to make a brief explanatory statement at this time.

THE VICE PRESIDENT: Is there objection? The chair hears none. The Senator from Arkansas may proceed.

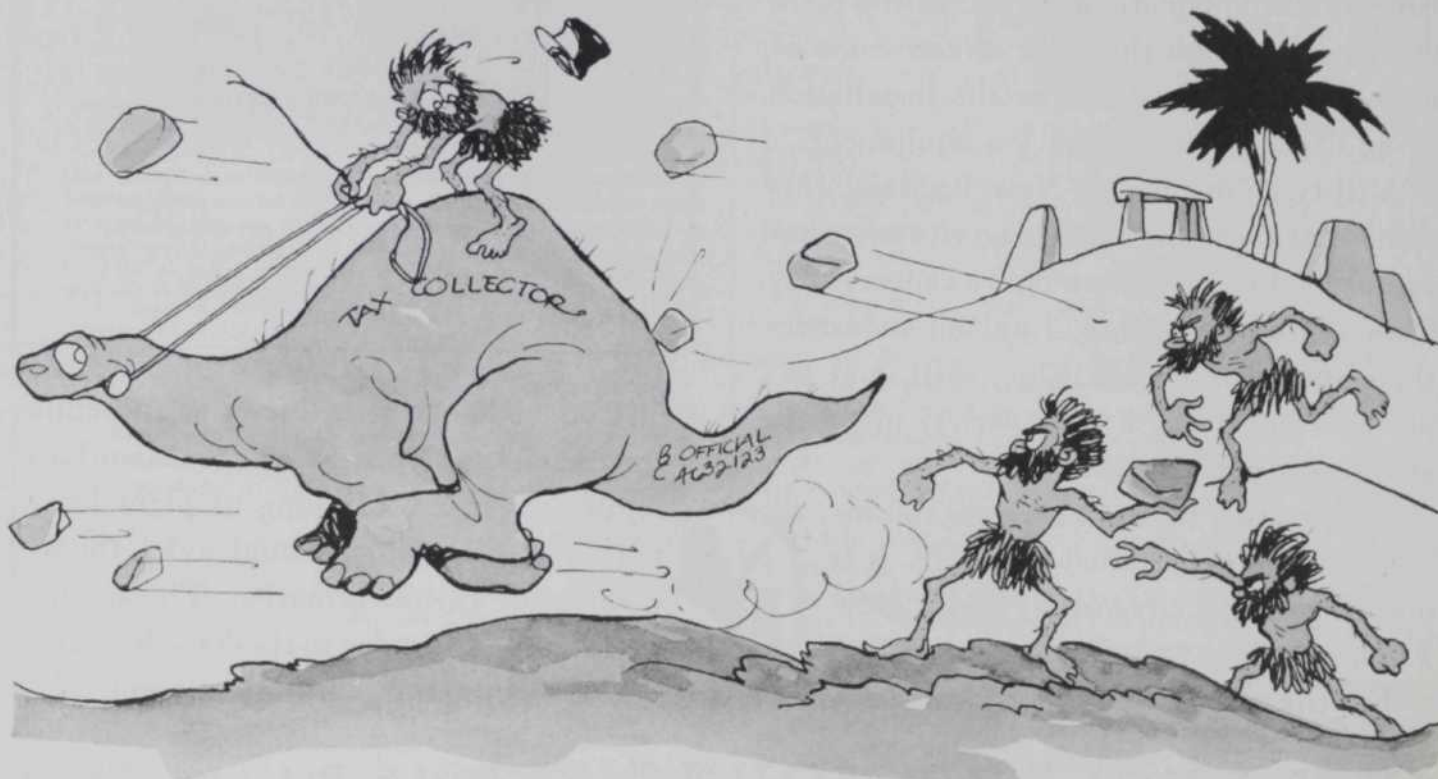
SENATOR HOKUM: We are constantly creating new commissions for the relief of all classes of citizens and thrusting the Government into the affairs of all kinds of private enterprise. I think it only fair and logical that we should extend the activities of the Federal Government to include this most vital problem of all, namely the elimination of the tax burden.

It will be noted that I have provided a dissolving fund of six billion dollars to be replenished annually. Funds of this character are sometimes called revolving funds but I want to be perfectly frank in dealing with this problem. I am sure it will

dissolve with satisfactory celerity regardless of what we call it. I feel that six billion dollars will be adequate, although we can easily enlarge it if that should be found necessary later on. Those of my colleagues who study the fiscal affairs of the Government closely will note that the dissolving fund is substantially equal to the amount of the annual federal tax levy.

I am sure the bill will commend itself instantly to the general public. My faith in the popular appeal of this measure is based upon my own experience in the last campaign. I ran on a platform of opposing all taxation and supporting all appropriations. I hesitate, because of my own innate modesty, to speak of my own success but I will say to the Senate that my constituents returned me to office by an overwhelming majority. I feel, therefore, that in introducing this bill, I am, in a sense, carrying out the mandate of my people. Dissenters, I am sure, will be few and far between. Anticipating, however, that some benighted "conscientious objectors" may arise in different sections of the country I have provided a drastic penalty clause to deal with those who refuse to permit the commission to pay their taxes.

Ever since the dawn of history people have complained against taxation. In fact, taxation has been the chief grievance of the people against organized government. It has led to notable rebellions and it is the cause today of widespread dissatisfaction. By this simple expedient of taking



CHARLES DUNN

Ever since the dawn of history people have complained against taxation





## Life itself depends upon them

**S**TOP the freight trains of the country and chaos would result—darkened cities; stagnation of business; famine!

Despite cold and darkness, heat and storm, freight goes through. An army of loyal men set themselves doggedly to the task of putting it through, no matter what the difficulties... trained men whose lives are devoted to their jobs.

The quarter-million miles of railroads that span the country are arteries of steel along which the life-blood of the nation flows.

Insulated tank cars carry milk hundreds of miles with less than one degree rise in temperature and deliver it sweet and fresh. Refrigerator cars rush perishable goods over the country at express speed.

Every twenty-four hours sees freight cars traveling more than a million miles—two round trips to the moon, with a billion-and-a-quarter dollars in lading.

These services are performed with such smoothness, swiftness and regularity that the nation now takes them for granted.

Only if they should cease would we realize that life itself depends upon freight. And it moves at a lower cost in North America than anywhere else in the world.

Steel helps make possible this record of service. Still greater achievements are ahead. New and stronger steels now permit the use of lighter equipment. Cars weigh less and locomotives move more freight, faster. Through its railway research, United States Steel has played a large part in the introduction of these new steels.

AMERICAN BRIDGE COMPANY • AMERICAN SHEET AND TIN PLATE COMPANY • AMERICAN STEEL & WIRE COMPANY • CANADIAN BRIDGE COMPANY, LTD. • CARNEGIE-ILLINOIS STEEL CORPORATION • COLUMBIA STEEL COMPANY • CYCLONE FENCE COMPANY • FEDERAL SHIPBUILDING AND DRY DOCK COMPANY • NATIONAL TUBE COMPANY • OIL WELL SUPPLY COMPANY • SCULLY STEEL PRODUCTS COMPANY • TENNESSEE COAL, IRON & RAILROAD COMPANY • UNIVERSAL ATLAS CEMENT COMPANY

*United States Steel Corporation Subsidiaries*



# UNITED STATES STEEL



## 7 Years of Reliable Firing Service



Brantford, Ontario plant of Barber-Ellis of Canada, Limited, the Dominion's largest manufacturer of envelopes.

### Envelope manufacturer gets better heat and power with Iron Fireman

**S**EVEN years ago Barber-Ellis of Canada, Limited, replaced hand-firing in their Brantford plant with an Iron Fireman automatic coal burner. Immediately fuel costs went down, plant operating efficiency went up. So pleased were they with Iron Fireman performance that a second installation was made in their Toronto plant, replacing oil, and fuel costs dropped 40%.

If you pay fuel bills for a business of any kind, the Barber-Ellis experience should be of interest and value, for what they have done, you should be able to do.

Here is their report: "Average fuel saving with Iron Fireman at our Brantford plant, \$467 a year. One boiler is amply handling the heating and process load, whereas two boilers were required with hand-firing. Regardless of weather conditions, Iron Fireman automatically maintains uniform temperatures, which are most suitable for the presses, inks, and seasoning of the paper. . . Mechanically, our Iron Fireman stokers have performed to our entire satisfaction."

#### PAYS BIG RETURNS

From coast to coast Iron Fireman owners report substantially the same facts—"better heat or power for less money." We suggest that you investigate Iron Fireman now, and avail yourself of the opportunity that exists, through an Iron Fireman installation, to make a purchase in plant equipment that pays big returns on the initial investment. Ask your Iron Fireman dealer to make a free firing survey of your boiler room, or write for catalog. Iron Fireman Manufacturing Company, Portland, Oregon; Cleveland; Toronto. Dealers everywhere.



Hopper and Bin-Feed models available for boilers developing up to 500 h.p. Convenient monthly terms of payment.

## IRON FIREMAN

AUTOMATIC COAL BURNER

IRON FIREMAN MFG. CO.

3023 W. 106th Street, Cleveland, Ohio



- ☐ Send literature  
☐ Make firing survey

- Type of plant:  
☐ Commercial Heating  
☐ Power ☐ Residential

Name.....

Address.....

over the payment of all taxes, we can remove a source of intolerable irritation and contribute immeasurably to the happiness of the people, leaving them to devote their energies and earnings to profitable undertakings.

I know that my colleagues are impatient this afternoon to adjourn to the ball game and the golf course and I will not now take up the time necessary to analyze the question of the constitutionality of my bill or its economic soundness. I am confident that precedent will amply support it in both respects. We have passed bills embarking the Government on a multiplicity of worthy enterprises. At any rate, in a nation as great as this, we ought not to quibble over the comparatively trivial outlay of a few billion dollars for such a necessary purpose as the payment of the people's taxes.

It will be noted that I have limited the application of this bill to national taxes. Later on, after it has demonstrated its workability as I am sure it will, I propose to offer an amendment to extend its benefits to state and local taxation. Taxation, I say, is a curse, and I am extremely hopeful of eventually wiping it all out. This is the first step.

SENATOR HARDFAX, of Mississippi: Mr. President, will the Senator from Arkansas yield for a question?

THE VICE PRESIDENT: Does the Senator from Arkansas yield to the Senator from Mississippi?

SENATOR HOKUM: With pleasure.

SENATOR HARDFAX: Will the Senator explain to us how, with this bill in operation, he expects to provide revenue to run the Government?

SENATOR HOKUM: I have not given careful thought to that question but I will say to the Senator that it is a mere detail which the Treasury Department can work out without difficulty.

SEVERAL SENATORS: Regular order! Regular order!

THE VICE PRESIDENT: The regular order having been demanded, the chair refers the bill introduced by the Senator from Arkansas to the Committee on Economic Piffle.

#### MAJORITY REPORT OF COMMITTEE ON ECONOMIC PIFFLE

Your committee, having had under consideration Senate Bill S5674, entitled, "a bill to establish a federal commission and to provide funds to remove the burden of taxation from the shoulders of the people; to pay all taxes levied by the National Government; and for other purposes" begs leave to report the same with the recommendation that it be passed with the following amendments.

1. Increase the dissolving fund to seven billion dollars, in view of pos-

sible contingencies growing out of the prospective increase of the national budget. The slight increase of one billion dollars will make no difference in a great and prosperous nation such as ours.

2. Increase the lump-sum appropriation for the administrative expenses of the commission from ten million dollars to fifteen million dollars. The Federal Government must be generous with the patriotic men who will be called upon to sacrifice lucrative occupations to serve the Republic as members of the commission.

3. Increase the salaries of members of the commission from \$12,000 per annum to \$25,000 per annum. The committee feels that this change should be made in the bill in order to obtain a high caliber of men for the commission.

Your committee has held extensive hearings, giving all sides full opportunity to be heard. Every school of economic thought has been given a chance to present its views. While there has been a tendency on the part of some to question the soundness of the measure, your committee, after mature consideration reached the conclusion that the arguments favoring it far overbalanced those against it.

This bill has the advantage of reaching out into every walk of life and bringing individual citizens into closer contact with the National Government than ever before. As for financing it, the committee confidently looks to our able Secretary of the Treasury to work out a satisfactory plan for providing the necessary revenue. In a nation so rich and prosperous as this, your committee feels that this can be easily accomplished.

Your committee is convinced that the opposition has been largely inspired by unpatriotic, un-American and reactionary Tories. The bill will find a long-felt need and prove a boon to the American people.

#### MINORITY REPORT

The minority members of the Committee on Economic Piffle wish to join in the recommendation of the majority that the bill be passed, but we suggest that a definite means of raising the necessary revenue should be provided. Hence we recommend the confiscation of the public utilities throughout the land. The value of these properties will be more than adequate to pay all the taxes for several years to come.

#### ADDITIONAL MINORITY VIEWS OF SENATOR HARDFAX

We think this measure is a lot of buncombe.



"Our men find  
'COMPTOMETERS'  
easy to operate"



Centralized "Comptometer" battery, showing twenty operators in the Accounting Department of a large paper manufacturer.

MEN engaged in cost, payroll, statistical and other accounting work enjoy the advantages of "Comptometer" speed, accuracy, flexibility and ease of operation.

"For several very definite reasons, the men in our accounting offices are using 'Comptometers' exclusively for all calculating work," states the auditor of a large mid-western paper manufacturer.

"First, our men find 'Comptometers' easy to operate. When breaking in a new man on the 'Comptometer,' one of our seasoned operators spends about an hour explaining the fundamental operations—and from then on the new man starts right in on the work assigned, acquiring speed with practice. Within a short time his production is up to standard.

"Another important reason for our preference for 'Comptometers' is that the Controlled-Key safeguard blocks errors which otherwise would occur from partially depressed or fumbled key-strokes.

"Our experience over a good many years has convinced us that the 'Comptometer' is the most economical machine available—repair expense is lower . . . production higher . . . and it stands the gaff. Our branches also use 'Comptometers.'"

We will be happy to place a trial machine on your specific figure work to determine the actual savings possible. No obligation. Phone the District Manager of the "Comptometer" office in your locality, or write direct to Felt & Tarrant Mfg. Co., 1712 N. Paulina Street, Chicago, Ill.



# COMPTOMETER

Reg. U. S. Pat. Off.



# The Government's Housing



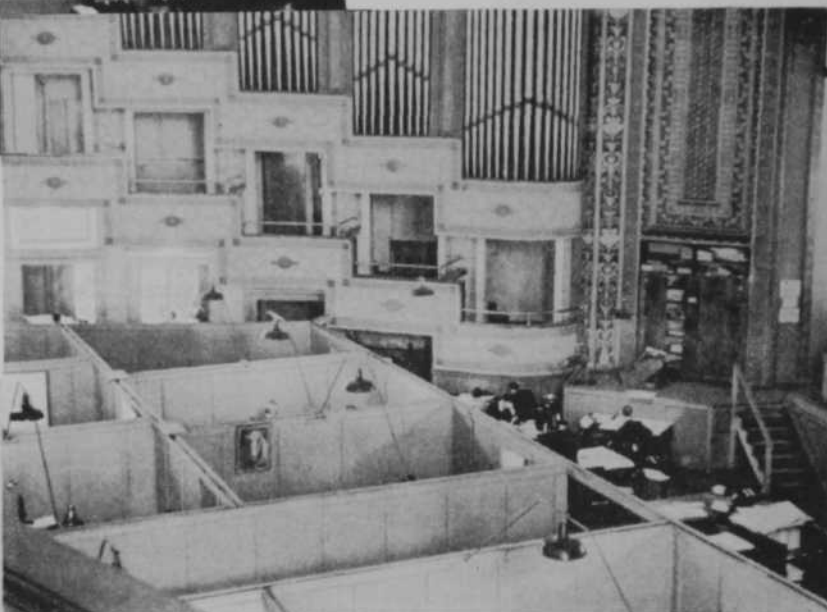
When the Resettlement Bureau took over the former Arlington Hotel they found that Representative Tinkham had a life-time lease. He refused to be resettled. He still maintains his apartment although all others are now government offices

HARRIS & EWING



THOMAS MCAVOY

Expensive statuary looks down as clerks eat their lunch in the former Walsh mansion



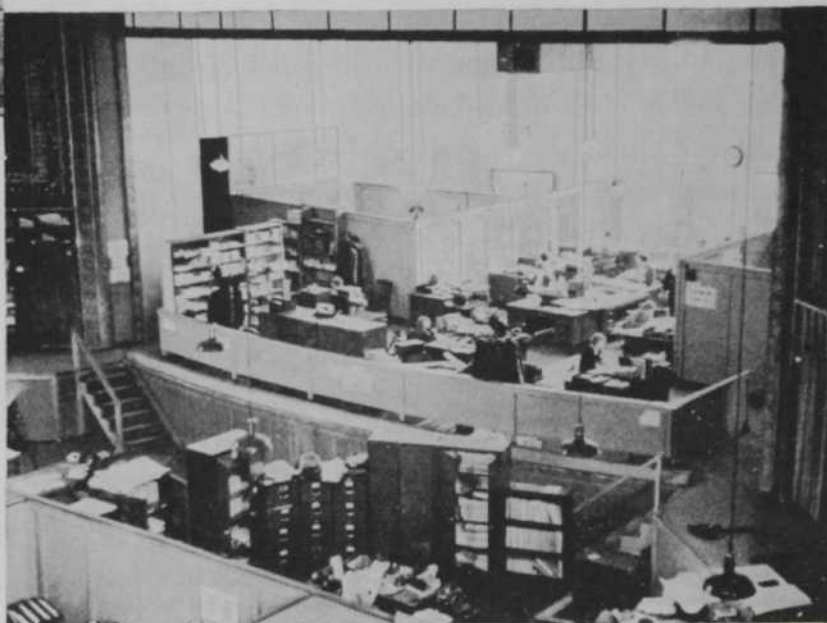
THOMAS MCAVOY

Once the scene of stage productions, wrestling matches, marathon dances and banquets, the Washington Auditorium is now a government office building. Temporary partitions make private offices on the main floor while the stage, and beside it, the dressing rooms are also pressed into service



THOMAS MCAVOY

Perhaps it is apropos that Rural Electrification should occupy the former home of George Westinghouse



THOMAS MCAVOY

**I**N SPITE of an ambitious government building program, federal agencies have increased so rapidly in Washington that the job of finding places to put them has taken on large proportions. In addition to empty office buildings, it has been necessary to adapt apartment houses, auditoriums, private homes, hotels and other structures to government requirements. As a result many bureaus are carrying on their efforts in environments ranging from tempting luxury to annoying inconvenience.



# *Announcing* A NEW ELECTRIC ADDRESSING *and* DATA-WRITING MACHINE

*at the*  
**LOWEST PRICE**  
**IN BUSINESS HISTORY**

**\$142.50**

CONVENIENT MONTHLY PAYMENTS  
F. O. B. CLEVELAND



**T**HIS new Addressograph does addressing and data writing ten to twenty times faster than it can be done on a typewriter!

It prints names, addresses, facts, figures and other frequently used and repeatedly re-typed data, clearly, legibly and accurately, at the rate of over 20 ribbon-print impressions per minute—more than 1,200 per hour!

It can be used as profitably by the small retailer as it can by the largest manufacturing corporation; by the small community church as conveniently as by a nation-wide service organization; by village, city, county or state as efficiently as by departments of the Federal Government.

If you send out mail matter in quantities or use office forms of any kind, you can save 90% of the time ordinarily required for repeatedly re-typing names or other data.

The savings you can effect through its high speed, the time it saves, the errors it eliminates and the expense it reduces, will quickly pay the extremely low price asked for this new Addressograph. And it can be purchased on convenient terms.

A new folder describing this new model and explaining all the ways it can save money for you, will be sent upon request.

## **THE NEW CLASS 900 ADDRESSOGRAPH**

**More New Features for Less Money  
Than in Any Previous Model!**

This new Addressograph is so quiet it can be used anywhere in your office. Being electrically powered with a universal motor, it can be plugged into any light socket. Its finger-tip control makes it extremely easy to operate, assures high speed production and permits you to skip or repeat names or data at will. Additional appliances, such as the lister, greatly add to its versatility. Many other features broaden its field of utility and increase its money-saving value.

**It's Electric!**  
**It's Quiet!**  
**It's Low-Priced!**  
**It's Versatile!**  
**It's Simple!**  
**It's Fast!**



**ADDRESSOGRAPH COMPANY**

ADDRESSOGRAPH COMPANY, MULTIGRAPH CORPORATION, CLEVELAND, OHIO

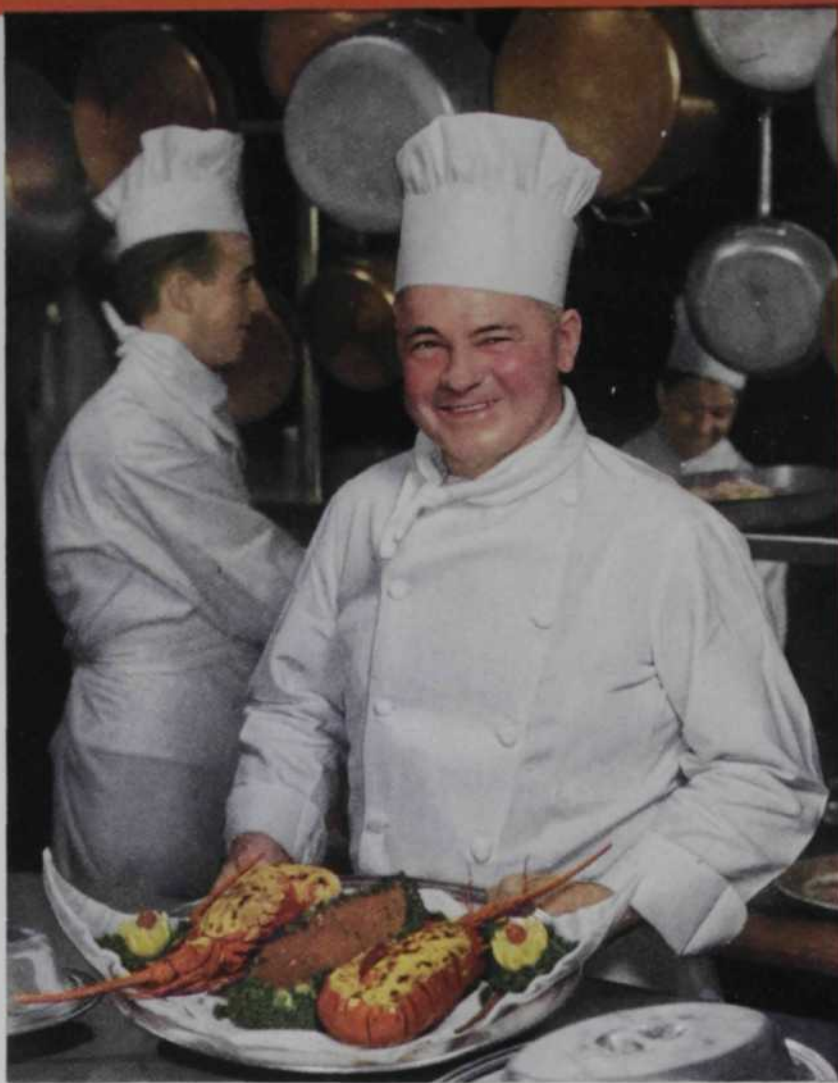




**UNDER THE BIG TOP.** Watching Miss Dorothy Herbert of Ringling Bros.-Barnum & Bailey, you marvel at her poise. Miss Herbert says: "I'm a devoted Camel smoker. Smoke all I want—eat anything I care for. Camels make food taste better and digest easier. And have a royal flavor!"



**STOP PRESS!** A day's action is crowded into minutes as the reporter works to beat the deadline. "It's a life of hurry, hurry, hurry," says Peter Dahlen, crack newspaper man, "and a life of irregular hours and meals. That's one good reason why I smoke Camels. It's swell the way they make food taste better and set better."



**BEHIND THE SCENES IN THE BROWN DERBY.** The *chef* is putting the final touches to a Lobster *Thermidor*, while within the restaurant proper the glittering stars of Hollywood gather to chat...to dine...and to enjoy Camels. Here, the mildness and flavor of their costlier tobaccos have made Camels an outstanding favorite. As Mr. Robert H. Cobb, the man behind The Brown Derby's success and host to the great personalities of Hollywood, remarks: "Camels are the choice of the majority of our patrons."

*for Digestion's sake  
...Smoke Camels*

Smoking Camels stimulates the natural flow of digestive fluids...increases alkalinity

Life sometimes pushes us so hard that we feel too worn-down really to *enjoy* eating. Science explains that hurry and mental strain reduce the flow of the digestive fluids.

Evidence shows that smoking Camels increases the flow of digestive fluids...alkaline digestive fluids...so vital to the *enjoyment* of food and to *good digestion*.

Camel's rich and costly tobaccos are mild beyond words. Enjoy Camels steadily. Camels set you right! And never jangle your nerves or tire your taste.

Copyright, 1936, R. J. Reynolds Tobacco Company, Winston-Salem, North Carolina



Camels are made from finer, MORE EXPENSIVE TOBACCOS...Turkish and Domestic...than any other popular brand.

**COSTLIER TOBACCOS!**



# Churches and the "Social Order"

(Continued from page 25)

pledged to work for "the supplanting of the capitalist order, based on private profit, by a socialized economic order of production for human use,"—as if everything now produced were not for human use! Mr. Ford, for example, does not make automobiles simply to pile them up for ornamental purposes around his factories.

The next question is, "What is the new order?" the "Christian social order?" No one has yet defined it. I have, therefore, taken the resolutions

of church conventions, the programs of social service commissions, the utterances of leading pulpits and articles in the denominational press, and from these I have tried to construct a description of the form of society proclaimed by the economic gospel:

1. It must be one in which the profit motive shall be taken out of business, and the motive of service be substituted.
2. It must be one in which the method of competition shall not be practiced in industry, but in which universal cooperation shall prevail.
3. It must be one in which the adminis-

tration and ownership of business, industry, banks, natural resources, transportation, and public utilities shall be taken out of private hands and lodged in the state.

4. Instead of the present system of individual initiative, there shall be inaugurated "a thoroughly planned and organized social economy, which will adjust production to consumption, and maintain and extend social services, health, education, recreation and insurance for all."

This is an outline of the new social order, as I have gathered it from Methodist, Congregationalist, Presbyterian, Universalist and Unitarian sources. I do not mean to say that it represents all the churches, or all the churches of any one denomination, but it does represent an important and increasing trend.

There is nothing that this "Christian social order" so strongly resembles as the Farmer-Labor platform of Minnesota or the Socialist political party platform of the United States. The "New Deal" itself does not go far enough, and the President is severely criticized for trying to save "capitalism," in a statement issued (February 4, 1935) by the Methodist Federation for Social Service.

I have said that the utterances quoted did not represent all the churches, or all the churches of any denomination. I am glad to quote an editorial in the *Christian Leader* of Boston (Universalist):

There are decent, high-minded, unselfish men and women in the Universalist Church and in the other Christian Churches who believe in giving the other fellow a square deal, who are keenly anxious to get rid of abuses in the social system, who personally and socially live up to the golden rule; and who still believe that there is nothing dishonorable in making money, in saving money, in investing money, in supporting their families and in using money for the common good. They are perfectly willing that their ministers shall join the Socialists and frankly express their views, but they do not propose to have their churches turned into locals of the Socialist Party or the Communist Party, or made appendices to any other political party.

And this is just what is happening in many communities, where churches are officiating as tails to the Socialist kite.

No one holds that any system in the world is perfect. In a living society there must be changes. But these changes should come gradually—modifying the existing system; not suddenly and violently substituting one that is entirely different. These changes must also come through ex-

(Continued on page 102)

## From a Business Man's Scratch Pad ... No. 2





# "We're doin' "

## PIONEERING STILL GOES ON!

If all the research activities carried on by the American railroads were concentrated in one huge laboratory it would require an institution housing thousands of men and providing millions of square feet of floor space. Six railroads, two universities and ten supply companies alone, for example,

maintain a permanent research personnel of about 1,000 people, engaged in such varied projects as Equipment Design, Metal Alloys, General Equipment Efficiency, Design and Performance of Signal Apparatus, Production Methods, Wood Decay, Metal Corrosion, Water Softening. Out of such pioneering endeavor come such devices as this modern Detector Car, which automatically reveals unseen interior defects in rails, and simply by running it over the rails defects can be not only discovered

but marked with a splash of paint, assuring



**SAFETY FIRST-**  
*friendliness next*



# OK, buddy!"

IN THESE homely words you hear expressed the self-reliant spirit of one of the foremost industries of the nation, the American railroads.

They're driving ahead to new triumphs in service and efficiency—going after business, and getting it, in a way to make any railroad man justly proud.

Of course the recent lean years have not been easy; they have been tough for the railroads just as they have for almost any other business you can name.

But in face of tough times these dependable carriers have made their bid for increased business by stepping up freight train speed by 43%, by cutting the running time of passenger trains, and by increas-

ing their comfort by air-conditioning, which means greater cleanliness, restful quiet, safe agreeable travel at its best.

And at the same time there has steadily gone forward a vast program of improvement which only a man who works on the railroad could see and appreciate in full—\$172,000,000 invested in the past six years in laying heavier rails—a third of a billion dollars spent during the same period in new track construction and *more than three billions* put into right-of-way maintenance—all of which make faster schedules possible with safety.

Yes, a lot has been happening to the railroads—astonishingly more than most people realize—wouldn't it be a good idea next time you have a trip to make, to go by rail?

We believe if you'll look about you with a friendly eye, you'll discover surprising evidence of how superbly the job is being done!

## GO PLACES—NOW—BY TRAIN

*Rates are low—Safety, Speed and Comfort higher than ever before!*

NO other transportation in the world can match the American railroads for speed with safety. And every modern convenience contributes to your comfort when you go by rail. Practically all through trains are air-conditioned—cleaner, quieter, healthier. You have modern lighting, excellent food, comfort-

able seats, plenty of room to move around, and you get there on schedule. Yet with all the improvements railroads offer today, fares have been steadily lowered. When you plan a trip for business or pleasure—call the nearest ticket office for new low rates.



## ASSOCIATION OF AMERICAN RAILROADS

HEADQUARTERS: Transportation Building, Washington, D. C.



# CASH for ACCOUNTS *the day you ship*

**H**OW MANY of your customerstakethirtyorsixty days to pay you? And what can you do about it?

You don't have to wait for that money. You can discount your receivables . . . do a cash business . . . take advantage of cash discounts on your *own* bills payable . . . increase your profits.

Many big business organizations are regular users of our smart, modern service. Without red tape, without sacrificing control of your affairs in the slightest degree, you, too, can profitably turn book accounts into ready cash.

Let us tell you how. Send the coupon for our booklet "FINANCING YOUR BUSINESS". Or, to save time, let one of our representatives call. No obligation or expense. All transactions absolutely confidential. Write today.



*Mail this coupon  
to our nearest office*

## COMMERCIAL CREDIT COMPANY

COMMERCIAL BANKERS

First National Bank Bldg., Baltimore  
Continental Ill. Bank Bldg., Chicago  
100 East 42nd Street, New York City

Please send me the booklet  
"Financing Your Business". This request does not obligate me in any way.

☐ Check here if you wish  
representative to call.

(Continued from page 99)

periment and experience; not through vague and random theories. The man who is most certain is the man who has had least experience. The man who knows exactly what to do is the man who has never done it. The man who is most eager to distribute wealth is the one who has none to distribute.

It is not change to which we object; but it is impulsive, unconsidered and revolutionary change to which we object. Because we refuse to throw away the lessons of the past, we are not, therefore, opposed to progress in the future! In the *American Scholar* (March, 1935), Bishop McConnell asks, "Ought not the Church then to keep silent on the evils of capitalism?" And he answers, "Hardly. The Church has a right to consider itself commissioned to point out the evils of the system of which it forms a part." All of which we admit.

But that is not the question. It is not a question of correcting the evils of capitalism. The question is the destruction of capitalism and the substitution of a new and alien system in its place. This is the issue which the Churches have forced to the front.

Let us now return to the American or "capitalistic" system, which I have already roughly described.

The organizing idea of our system is *the right of every man to work out his own destiny*—such right to be limited only by the corresponding rights of other men. That is the formula of American liberty. Under it, all the results of our civilization have been wrought out.

The great merit of this system is its flexibility, the wide range of activity and interest that it permits. Under this freedom, "the individual is free to choose his own calling, to develop his talents, to win and keep a home secure from intrusion, to rear children in ordered security." He is "free to earn, to spend, to save, to accumulate property that may give protection in old age and that may take care of those he loves."

Under this system, the highest civilization that exists in the world today—in fact all the civilization that exists in the world today—has been developed. The civilization that every one holds so sacred that he fears another war will crush it out, is this capitalistic civilization.

The "capitalistic," or the American, system must be judged by its ability to meet crises—its power of self-recovery.

This has happened time after time in our history. It is still functioning. Not perfectly—but still functioning. It will function better when governmental hindrances are removed. Even industrially it has produced so much that those in authority had to find

extraordinary ways of halting the production, instead of devising methods of getting it to those in need. Through this period of depression, scientific research went on. New discoveries were made in the heavens and earth. Some 30,000,000 of children continued to attend school, though the wages of teachers were cut. Colleges remained open, though professors made sacrifices. Millions attended churches upon which the times weighed heavily, and no words of complaint escaped from the clergymen whose salaries were reduced and whose programs were curtailed. Other millions daily attended games, theaters, recreations of all kinds, as if nothing were happening. And 23,000,000 automobiles "were running about in our 'ruins' at ever increasing speed."

### The spirit of liberty

**BUT** all through the storm, the spirit of America rose to the sublimest heights of patience and endurance. That spirit was the product of liberty—not of regimentation. The gravest danger today is that, in this inexcusably prolonged "emergency," the American character may lose its morale. The danger is that the citizen may come to depend for everything upon the federal Government, that his fiber may be weakened by unending relief, and that he may finally come to believe that the world owes him a living which he does not earn.

Our system leaves room for everything that could be accomplished by cooperative effort under any system.

The "planned economy" advocated by churches and by politicians means the regulation of private business down to the last detail. It means a system patterned upon that of Russia. It means dictation by government officials who hold their places because of their political value and not because they have ever tried to finance a pay roll. The "planned economy" means the destruction of individual liberty and individual initiative.

Would the churches stand for all this, if their own sphere were invaded, if they were subjected to such dictation as are the churches of Germany and other lands? Suppose a state official came to our ministers and governing bodies and said:

"I do not know anything about religion or church organization, but I am here to tell you what you may say and do and how you may worship."

If the "planned economy" proposed does not mean this, then it only means what has been going on from the beginning. For it has been well said that "we have been engaged in planning and the execution of plans, within the proper functions of gov-



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SALES ANALYSIS																								
KIND	SHADE	PRODUCT			MAR-KET	BRANCH	STATE	CITY	CUSTOMER	TRADE CLASS	SALESMAN	TERMS	DATE		FOLIO	QUANTITY	AMOUNT	COST	CLASS	TRANS-PORTATION	CLASS DISC.	DISCOUNT	S	IT
		CLASS	KIND	SIZE									MONTH	DAY										
00	00	00	00	00	00	00	00	00	00	00	00	00	00	00	00	00	00	00	00	00	00	00	00	00
11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11
22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33
44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44
55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55
66	66	66	66	66	66	66	66	66	66	66	66	66	66	66	66	66	66	66	66	66	66	66	66	66
77	77	77	77	77	77	77	77	77	77	77	77	77	77	77	77	77	77	77	77	77	77	77	77	77
88	88	88	88	88	88	88	88	88	88	88	88	88	88	88	88	88	88	88	88	88	88	88	88	88
99	99	99	99	99	99	99	99	99	99	99	99	99	99	99	99	99	99	99	99	99	99	99	99	99

SALES BY BRANCH BY SALESMAN AND PRODUCT										DATE		TOTAL SALES BY SALESMAN	TOTAL SALE BY BRANCH
BRANCH	SALESMAN	PRODUCT		QUANTITY		AMOUNT		MONTH	DAY	YEAR	DAY		
1	10	21	1760	4568	508675								
1	10	21	1823	762	125300								
1	10	64	2201	9101	847650								
1	11	21	1181	282	14070								
1	11	23	2644	7650	664925								
1	11	84	2202	4593	558700								
1	12	11	7480										
1	12	67	2920										

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Where do we get the notion that "profits" are wrong? that the profit system clashes with the teachings of Christ? that the profit system excludes the idea of "service"?

## The parable of the talents

I HAVE just reread the parable of the "Talents." If one wanted to be extremely literal, he might say that it directly indorses the "profit" system. The men who were entrusted with certain funds for investment, went out and worked for "profits." They got them. When they came back, they were greeted with "Well done, good and faithful servants." It was the man who did not believe in the "profit" system and buried his talent in the earth, who was cast into the outer darkness. However the parable may be interpreted, one thing is certain: Jesus never attempted to modify the economic system of Judea or to supplant the imperialism of Rome.

But who says that the profit motive excludes the idea of service? No legitimate business can exist today if it renders no service. Does the great steel industry render no service? Does the milling industry render no service to society? Does the auto industry exist simply and only for profits? The fact is that business is the greatest system of social service in the world. The efforts to put in its place artificial and arbitrary devices to produce the "abundant life" have thus far failed. Give business its freedom and its "profits"—which for some years have been mainly "losses"—its services to society will become greater than ever! It is out of their profits that men build churches and art galleries and organize symphony orchestras, and research foundations, and community chests. At the present stage of development in human nature, the stimulus of "profit" is needed for human effort. And this must be reinforced by reasonable competition. For competition holds in check attempts at economic domination, while it stimulates to the best. These twin steeds—the hope of profit, the spur of competition—have drawn the chariot of progress up the long highway of the ages. They need to be trained and kept in hand but they are not to be



# RAILROAD SYSTEM

THE HEAVY DUTY RAILROAD



hamstrung and retired from the race.

If the socialistic or communistic teachings for which so many churches stand today are to prevail, then we are definitely headed toward Russia.

It is not easy to understand why so many of the clergy are "tenderly affectioned" toward Moscow, while so bitterly critical of American business men, unless they are trying to practice the precept "love your enemies." For the men who conduct the business of the nation are not enemies but friends to the churches.

Why not acknowledge the good that there is in "capitalism"? Why not inquire also to what extent many of those who have come to grief under it are the victims of their own shortcomings rather than of the "system"? A student may fail to pass his examinations at college, but one should not condemn the college until he knows the student.

### Danger for the church

THERE is a danger which the churches are not escaping—that of being counted as allies to political socialism. Their attitude has been thus construed by high authority in my own state of Minnesota. Who is to set in motion and administer the "Christian Social Order"? The present day politicians hope to be in control. If so, goodbye to "order" and to "Christianity" also.

In all the discussions of the hour, not one word has been said of the importance of character, without which any system must fail; nothing about making the readjustments upon the basis of ability, skill, or merit; nothing to encourage the practice of endurance, or patience or self-control under the "depression." And yet, if there is anything at all in our religion, it is for just such times as these.

There is this further to be said for the consideration of the churches. When all your economic schemes have been put into action; when your "planned economy" has been duly planned; when the capitalistic system has gone down to the dead gods and broken things; when your cooperative state, whatever may be its shape, has risen upon the ruins, your real task remains the same. The beneficiaries of your idealism are not going to flock to your altars to thank you for your mistaken intervention. They are going to be as far from the Kingdom of God as ever; and you will have to return to the old preaching of righteousness, with all the vigor and enthusiasm that may be left after liberty has been destroyed and the planned economy, which will not include you in its "plans," has been introduced!

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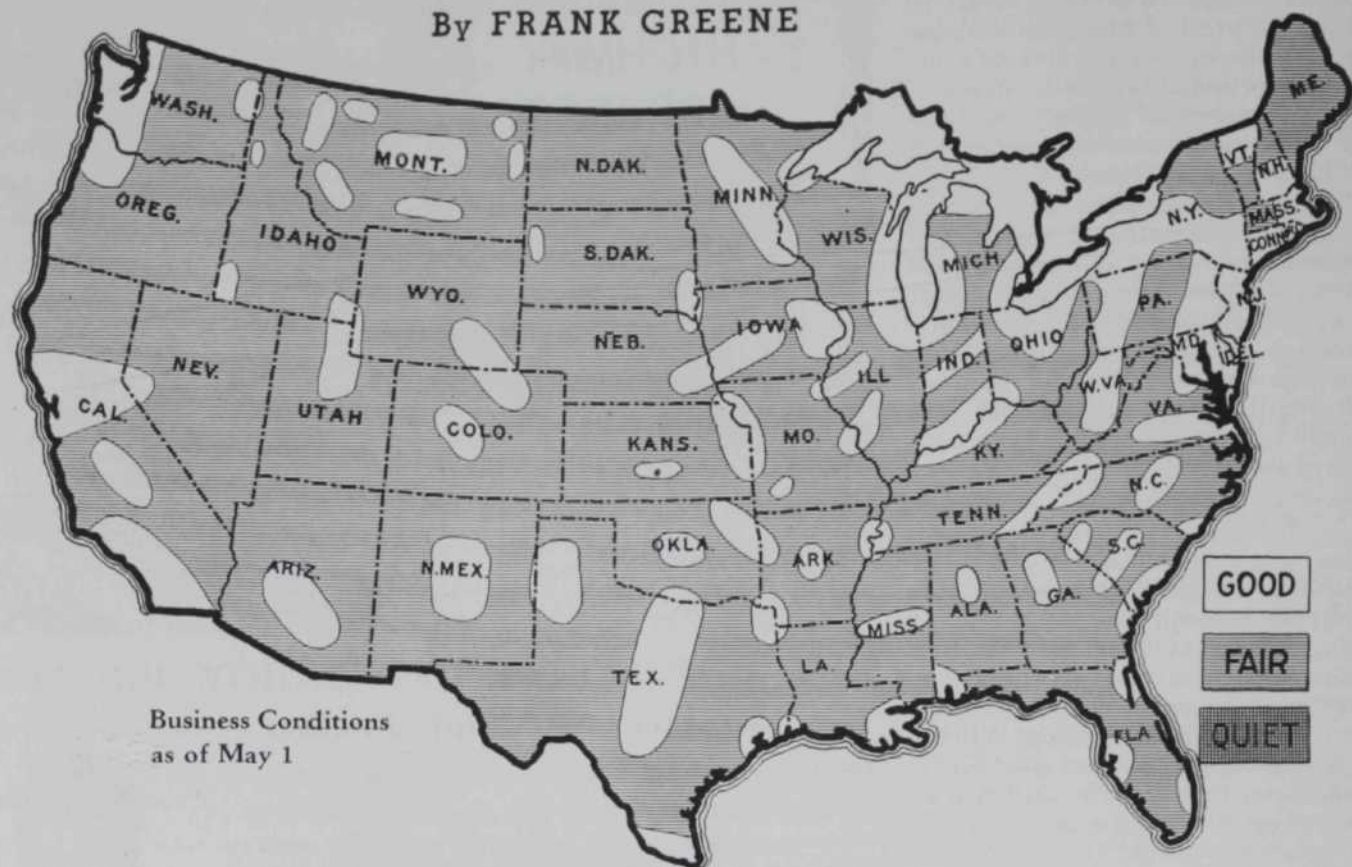
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# The Map of the Nation's Business

By FRANK GREENE

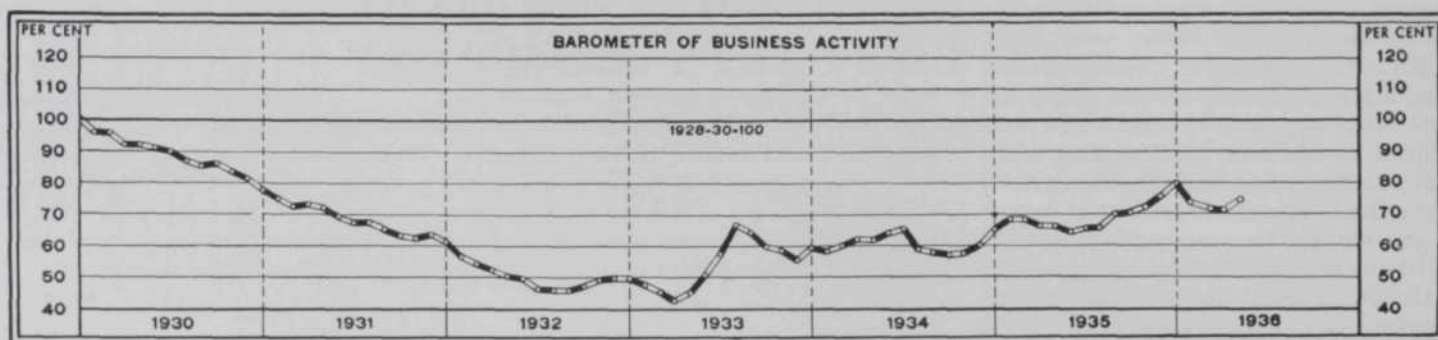


APRIL was cold and generally dry. Crop preparation and planting were late. Considerable damage to winter wheat and orchards was reported. Early crop promise seemed below a year ago. Flood damage of March proved rather less than earlier feared. Railroads in flooded regions suffered from track damage and traffic diversion.

Trade and manufacturing in April gained over March and April a year ago. Steel output and utilization showed especially heavy gains. The stock market lost most of the first quarter's price gains.

Food prices led in strength in April but easing in manufactured materials, fuels and oils more than offset this, causing the price index to decline for the fifth successive month, leaving it, however, still a shade above a year ago. Carloadings fairly well maintained earlier gains. Bank debits and clearings increased over 1935 with the percentage rise in debits three times that of clearings. Failures fell somewhat below a year ago.

Another slight whitening of the Map reflects the expansion of spring trade and the maintenance of manufacturing activities



BASED ON INFORMATION SUPPLIED BY DUN & BRADSTREET, INC.

The Business Activity Barometer rose sharply in April to the highest point since December, with steel and electric power mainly influential. Only one factor, clearings, eased and that slightly



# Dissecting the Tax Bill

**ROYAL LITTLE**, vice president, Franklin Rayon Corporation, Providence, R. I., stated before the House Ways and Means Committee:

I am going to give you a story of personal nature, for it is the best way of putting before this committee the story of thousands of other small business men in the country who have struggled to build up profitable enterprises employing labor.

In 1923 with no capital and a wild desire to go into the processing of rayon yarns, I picked up the corporate structure of a defunct company to save the expense of organizing a new one. We now had a company and an idea but no capital.

Then a bank lent the corporation \$10,000 after a good friend endorsed our note, and we were in business, without one cent of paid-in capital. Starting with four employees in a small room, our first year's sales were \$75,000, and we made a profit. Did we pay it out to the shareholders? No! We bought more machinery and expanded. We didn't even pay off our bank loan. Continuing to grow each year, we never paid one cent to the shareholders, and in fact we had to sell a little stock from time to time because we could not build up our capacity fast enough out of earnings to take care of our sales growth. Finally, the bank insisted on being paid, so we liquidated our note.

By 1928 we were doing an annual business of more than \$1,000,000, employing nearly 100 persons. Still the stockholders had had no return. In that year we merged with a competitor and decided to raise some outside capital to liquidate an expensive factoring arrangement which had been absorbing a large portion of our earnings. Although this financing was attempted in a boom year, no banker would touch our small proposition.

Finally, to complete the financing, it was necessary for me to buy a substantial amount of this new stock, raising the money to do so through a personal bank loan, which incidentally I am still struggling to pay off. In the period from 1928 to the present we continued to expand our employment, productive capacity, and sales, with the result that probably only 25 per cent of our total earnings have been paid out in dividends—the first ones in 1931. During this same period, being in a new industry, the equipment used for processing rayon was improved rapidly, with the result that we have had to replace completely machinery in the chief productive departments of our plant four times in the past eight years.

This year the development of a new process has made it necessary for us to discontinue all dividend payments to shareholders in order to divert our current earnings temporarily into plant expansion and further employment. In 1935 we reached a peak in employment and sales of approximately 500 persons and \$5,000,000, respectively.

Under the new proposals apparently everything which we have done in the past has been wrong. Should we have been prevented by tax legislation such as

**MUCH** has been said against the tax bill of 1936. Two statements taken from the official records seem to condemn it completely

this from building up this business? I can assure you that neither I nor anyone else could duplicate in the future what we have done in the past if the penalty tax on undistributed net earnings now proposed is enacted into law.

I ask you gentlemen in all fairness to study the facts in our case, which is typical of many others, and tell me whether you honestly feel that I am an enemy of society for what I have done.

Representative Vinson of Kentucky, a member of the committee:

Mr. Little, . . . you have been splendid in the recitation of your views and I know the committee is impressed with the positiveness of your statement, and I say to you frankly that if I shared that belief at least one member of the committee would be against this bill.

## "An act to discourage"

**REPRESENTATIVE** Plumley of Vermont said, on the floor of the House:

This bill might be called "An act to discourage small business, to encourage monopoly, and to prevent competition."

The business of this country is done by corporations. Half a million of them filed returns for 1933 and only 109,000 reported net income. And of those more than 90,000 made less than \$10,000 net income in the year.

This is a country of corporations, but it is not a country of big corporations. Rather it is a country of small corporations eager to grow, to give more work to more men and women, pay better dividends, to build new plants. And it is at the owners of these corporations, ambitious men, thrifty men, that this bill is aimed.

But I heard someone say, "This bill is not aimed at little business; it is aimed at the big fellow, the corporation that has a surplus of \$50,000,000 or \$100,000,000. That is too much, he ought to be made to disgorge."

Experience, Mr. Chairman, has conclusively and undeniably demonstrated one thing: That is, that people will avoid or escape, whenever it is within their power to do so, the payment of any tax . . . and that the severe penalty, the real burden, will fall upon those who should but cannot escape.

The truth is that this bill is not aimed at the existing surpluses at all. It will not touch the fifty millions and the hundred millions. Those companies will continue to hold their surpluses. It is the

small company that will be the victim.

Here is a case in point. An editor in a small community has three or four pretty hard years. He has made enough to keep his family going, but his plant has deteriorated. He figures that if he could spend a few thousand dollars he could get some extra commercial business as well as turning out a better-looking paper.

His business improves, but he continues to content himself with \$50 a week. At the end of a year he finds he has a net income of \$10,000. He figures to set aside as surplus what is left after taxes are paid and put it into bettering his plant. He can do better by paying cash and he is shopping around for new equipment. Then he comes to look into his little corporation's taxes under this proposed bill and he discovers that he cannot do what he wants to. At the proposed corporate tax rates he can only put into reserve \$7,030 and must pay a tax of \$2,970 as against a corporate income tax of about \$1,500.

Here is a business eager to get ahead. . . . And what happens? His Government proposes to tax him more if he wants to save and get ahead than if he proposes to distribute and spend all his earnings. And his desire to save is not a desire to hoard. He would put back the money into industry where it would give further employment.

The Treasury has an answer to this objection to the proposed tax. It proposes that the company declare a dividend and that the stockholders with those funds purchase new stock thus bringing the money back into the company. But what a complicated method and one that seems to imply that the stockholders must all think alike.

Let us take another actual case to show how this measure would hit the progressive, young business. Three young men own all the stock in a small engineering company. Two are skilled engineers; the third has contributed a modest capital. The two are quite content to lead a furnished-room-and-lunch-counter life for a while if they can feel that they are going ahead. And they are. Their little business will make, they think, \$15,000 net this year and they would like to put it all, above the corporation income tax, back into the business, but can they under this proposed law? Not a bit of it.

They would have to pay \$6,375 in order to save \$8,625 if they paid no dividends.

Suppose they followed the government suggestion to pay it all out in dividends and sell themselves more stock. But suppose the one who contributed the capital will not agree? And what about the complicated problems of registering a new issue? What will these young and ambitious men do? One answer is surrender their corporate charter and start anew as a partnership.

But the man who put in the capital may say:

"No; I'm not going to assume the liability involved. I'm willing to risk what I invested but no more." Yet we may see a great shifting of small corporations to a partnership basis.





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## Government Can Reduce Expenses

(Continued from page 28)

proper division of the motor fuel gas tax which, from June, 1933, provided a three cent tax on every gallon of gasoline.

Out of this three cent tax, the city received one cent, which gave us needed operating funds for street repair, improvement, etc.

Perhaps the most important legislation fostered by the City Administration was the Skarda Bill. All of Chicago's future seemed bound up in it. Its purpose was to combat the tax strike and the tax association rackets. It included three proposals:

First, that any taxpayer who filed a protest against paying his taxes must deposit 75 per cent of the total tax assessment.

Second, that the county court be empowered to appoint the county treasurer as receiver for income-producing properties which were tax delinquent. (Thus the county treasurer could apply the rentals toward the payment of taxes after deducting, of course, the amount necessary for maintenance expenditures.)

Third, it provided that any person or corporation aiming in a racketeer manner to stop payment of taxes would be subject to fine or imprisonment or both.

Before its passage, the city was paying six per cent interest on tax warrants. Now we are paying two and one-half. The Skarda Bill is largely responsible for this. It also enabled us to collect 90 per cent of the 1928 back taxes.

For 1936 we have balanced our budget by setting a conservative figure of ten per cent for the "loss and cost" in tax collection. However, it will be five more years before the time element in the matter of collections is back to normal.

Without the efforts of a citizen's committee of D. F. Kelly, Fred W. Sargent, Ernest R. Graham and other business and professional men, our recovery might have been seriously retarded. The committee was opposed to the loose control which resulted from having a "tribe" of assessors in addition to the Board. As a result of legislation which the committee promoted, we now have one assessing official who has cut the time from assessment to billing exactly in half. He is elected for four years, has a permanent staff, and is responsible for the methods and results of the 30 township assessors in Cook County who, while individually elected, function under him as ex-officio deputies.

With an eye to tax reduction, we had the Legislature pass an act (later approved by a vote of the people) consolidating 22 different park districts—each a separate municipality with

its own tax-levying and tax-spending power—into one large park district to cover the entire city. The commissioners are now appointed by the mayor instead of having the responsibility of appointments spread in many places.

This consolidation has not only reduced the number of separate governmental units in Cook County, but has also convinced the taxpayers that we are thinking in terms of government functions rather than government units.

### Saving election expenses

BY a bill to provide for the election in 1935 for the superior judgeship held by Judge Harry Lewis whose term expires in 1937, we saved \$400,000. Other superior court judges were up for election in 1935, and it seemed illogical to spend \$400,000 to elect a single judge in 1937 when one election could take care of both.

This business of cutting our coat to fit the cloth brought with it much censure and abuse. For example, when we decided to reduce the school budget by \$10,000,000, nearly every one of the 16,000 members of the school teachers' union as well as the press and many laymen protested.

But the truth was that, without drastic economies, we would have had to close the schools entirely.

When I became Mayor, the school situation was this: Unpaid obligations approximated \$135,000,000 (and there was no money to meet them); actual deficit was more than \$10,000,000; cost of operating the schools had increased from \$17,000,000 in 1915 to \$75,000,000 in 1931; cost per child per school year had risen from \$75.78 in 1920 to \$124.90 in 1932.

Facing this situation, the Board of Education took two steps. First, the budget was balanced by reducing indebtedness. Second, non-essentials were eliminated.

The first move was to eliminate all junior high schools. More than 42,000 high school pupils were housed in portables and overcrowded buildings as a result of the junior high school form of organization. If these schools had been retained, it would have been necessary to build additional senior high schools at a cost of \$27,000,000.

Teaching in the junior high schools had been organized by departments under specialists. Instructors were given higher salaries, shorter hours and fewer classes than regular high school teachers. The abolition of



junior high schools provided ten more senior high schools, 12 additional senior high school branches, four more elementary schools, a full school day for thousands of children formerly offered only half-day schooling, equal educational opportunity for all seventh and eighth grade pupils, and reduced instructional costs.

Limiting classes in manual training and household arts to senior high schools only made 150 more rooms available—giving permanent housing to more children and further reducing expense.

The teaching load was then increased in senior high schools to a minimum of seven periods a day.

Another drastic move was elimination of an experimental junior college. Here, 30,000 students applied for admission each year while only 3,500 could be admitted. And, of that number, it appeared that almost 75 per cent were financially able to pay for college education elsewhere.

All kindergartens were retained, but the staff was reduced from two teachers per room to one; and attendance limited to one year to children five years of age or more.

"Vocational guidance," which meant visiting homes to tell Mr. and Mrs. John Citizen that Johnny, Junior, should be educated to become a lawyer, steam fitter, or sales executive, is now being provided by the regular teaching staff instead of a specialized group.

Salaries of lunch room supervisors were reduced from \$365 a month to \$150. Paid lectures for teachers were discontinued, as the professional advancement of teachers at their own expense is already rewarded by compensating salary increases. Physical training in the elementary schools is now being taught by regular teachers.

Of course, the entire music program, including bands and orchestras, has been retained; also, competitive sports such as football, basketball and swimming.

Although this program saved approximately \$7,000,000, our problem was by no means solved. If we were to pay salaries, we had to raise money as well as cut corners. One night, after a stream of suggestions had been pooled, mulled over, and rejected, it finally occurred to us that the school board owned considerable valuable property. Why couldn't we mortgage it to the Government? Less than a month later, a bill was passed allowing us to mortgage the property to the federal Government for \$22,500,000. This took up most of the slack in our school board deficit.

A bill which empowered the Board of Education to sell tax anticipation warrants to the Government raised another \$2,000,000. The financial situ-

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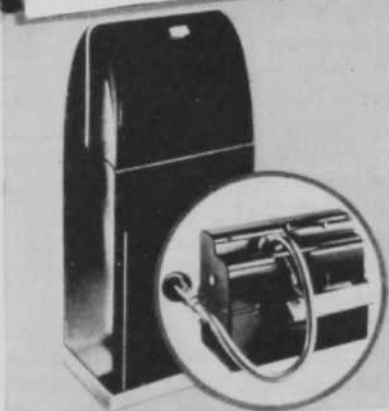
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Ray Comyns, Mgr. Chain Store Sales  
E. R. Squibb & Sons, New York

Dictaphone Sales Corporation, 420 Lexington Ave., New York  
In Canada—137 Wellington St., West, Toronto

( ) I want to see your representative.

( ) Please send me my copy of "What's An Office Anyway?"

Name .....

Company .....

Address .....



# The dentists of America decided for IPANA

★ ★ ★

TO THE DENTISTS of America, the Bristol-Myers Company first looked for a decision upon the merits of Ipana. Before a single tube of Ipana was offered for sale, a million tubes were placed in professional hands for trial in private use and office practice.

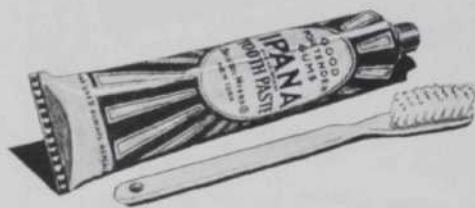
The dentists *did* decide. Thousands of them gave Ipana their professional approval. Their patients wanted to know where they could get Ipana. From every section of the nation came evidence that Bristol-Myers had made a genuine contribution to oral health.

Almost 20 years have passed and Ipana is the nation's *leading* dentifrice. Time and time again, the country's dentists have approved Ipana and massage as a vital aid in keeping gums healthy and teeth white. Daily, more people are agreeing with their decision.

## GUARD AGAINST "PINK TOOTH BRUSH"

If "pink" shows on YOUR tooth brush—see your dentist. Let him decide if yours is simply a case of "lazy" gums . . . or whether a serious gum disorder is threatening your oral health.

Perhaps your dentist will suggest massage with Ipana. If he does, follow his advice. He is advising you of a method of oral hygiene he *knows* is successful.



For sound teeth and healthy gums

# IPANA

## TOOTH PASTE

ation was further relieved by empowering the city to invest trust funds, which included the traction funds, in tax warrants.

Although rigid economy was practiced everywhere, we did not even consider general salary cuts. In slashing budgets we realized that we faced the grave problem of undermining morale. Of all our problems, this was most easily solved. The solutions were at our very door.

First of all, we learned that firemen and policemen were cut 72 days each year because of the Sundays and holidays on which they were relieved. An actual check-up disclosed that there were only 52 such days. Accordingly, we increased the pay of firemen and policemen by 13 working days a year. This not only heightened these employees' morale, but changed the attitude of their families and of the dealers with whom they traded. Then we put on 500 additional policemen and 300 firemen. The effect upon these two departments as well as on the city itself was immediate. Take crime for instance. In a recent report, Police Commissioner James P. Allman records a decline of 21.5 per cent general crime in 1935 over 1934.

## All crimes reported

POLICE Commissioner Allman is especially proud of this record because he is reporting every crime. That seems like an obvious thing to do, but it is not nation-wide practice. If one of his men fails to catch a felon, the crime is reported nevertheless. That is one of the reasons why Chicago robberies, in comparison with those of some other cities, are comparatively numerous. Robberies are reported as such, and not called "disorderly conduct."

In 1935 automobile thefts were 53 per cent fewer than in 1934; robberies, 29 per cent; burglaries, 16 per cent; larcenies, 4½ per cent, and miscellaneous crimes, 18.7 per cent. It is significant that insurance companies considered the decrease in automobile thefts permanent enough to reduce their rates 56 per cent.

Despite the fact that radio call service was extended to additional suburban towns, the Central Complaint Room received 673,000 calls this year as against 733,570 in 1934, a nine per cent drop. Arrests for felonies decreased from 12,244 in 1934 to 9,733 in the past 12 months, while total arrests decreased from 111,454 in 1934 to 93,953 in 1935. The number of convictions, on the other hand, increased 60 per cent in 1934 over 1933.

The fire department set a record also. Chief Fire Marshal Michael J. Corrigan reports expenditures for

1935 at \$6,560,000, two million dollars under 1934 figures. Yet the fire loss was \$11,065,437 in 1934 and only \$3,500,000 in 1935. For the first time in Chicago's history, fire insurance rates have been reduced—saving property owners \$1,000,000.

The Department of Public Works, with its various bureaus, is the largest of the city's departments; yet each member seems to be deriving personal satisfaction in giving increased service on a \$2,000,000 decreased budget. There's the Traffic and Sign Division of the Bureau of Streets, for example, whose members cooperate with the Keep Chicago Safe Committee in studying and surveying dangerous intersections. With 55,773 more cars on Chicago streets in 1935 than in 1934, there were 1330 fewer accidents and 195 fewer deaths. The activities of these two groups include law enforcement. The receipts of the traffic courts increased \$233,069.75 in 1935 as a result of their efforts. In 1934 it was necessary to issue 35,389 warrants for persons dodging their police summons. Last year only 6,051 were issued. And since each warrant costs the city \$10 to serve, here was a saving of almost \$300,000. Of the traffic violators summoned to court in 1934, only 33 per cent paid their fines as against 88.9 per cent in 1935.

From an economy standpoint, the reorganization of our law department was perhaps one of our major moves. Formerly, there were six independent departments, headed by the Corporation Counsel, City Attorney, City Prosecutor, Fire Attorney, Water Attorney, and the Attorney for the Board of Local Improvements. Each had its own employees who rarely saw one another, let alone worked together. A new administrative setup consolidated these agencies. Naturally divisions have been created in the new department—general counsel, personal injury, litigation, prosecution, research, local improvements, investigation, and stenographic—but all cooperate under the direction of the Corporation Counsel to whom they are responsible.

## Chasing ambulance chasers

THE effectiveness of the reform can be judged by the records of the last court term. In the 17 personal injury suits totalling \$268,000 which the city defended, 13 were won and four resulted in verdicts against the city for \$11,400. Of these, three are on appeal.

The new department is fast abolishing "ambulance chasers"; eventually this will save the city at least \$500,000 a year. Instead of expecting policemen to report accidents which they feel might lead to litigation an



# SIMPLICITY is the basis of SPEED FIGURING..

## DO YOU GET RESULTS LIKE THESE?

*Miss Grace Evelyn Edwards of Kansas City, Missouri, listed, sub-totaled and added at the tremendous speed of 4764 items per hour on an Underwood Sundstrand Adding-Figuring Machine. Only on the Underwood Sundstrand have comparable speed figuring performances been established.*



Only 10 Numeral Keys  
... 15% to 25% FASTER

NOTE that figure again... 4764 items per hour! And listed, sub-totaled and added on an Underwood Sundstrand Adding-Figuring Machine by an operator who, before she began operating this machine, had no previous experience in machine figuring!

The answer is Underwood Sundstrand Simplicity. There's no need to make a tough job of machine figuring. An Underwood Sundstrand doesn't. Anyone can operate an Underwood Sundstrand Adding-Figuring Machine. Touch Figuring develops naturally after just a few hours' practice.

There are only ten numeral keys on the Underwood Sundstrand... one for every numeral you need. Only the fingers of

one hand are on the keyboard... the eyes and the fingers of the other hand are on the work. Column selection is automatic.

The Underwood Sundstrand adds, subtracts, multiplies and divides all in the twinkling of an eye. It provides a neat written record of every



For speed, accuracy, durability and simplicity depend upon the Underwood Sundstrand. Every Underwood Elliott Fisher Machine is backed by nation-wide, company-owned service facilities.

computation.

There is an Underwood Sundstrand Adding-Figuring Machine, hand or electrically operated, for every purpose. Ask for a free demonstration and trial on your own work and in your own office!

## UNDERWOOD SUNDSTRAND

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Adding Machine Division  
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Adding Machines... Typewriters  
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## INDUSTRIAL

Small plants find new economies firing boilers with Whiting Underfeed Stokers. Capacities: 90 to 1,250 lbs. of bituminous coal per hour.

## COMMERCIAL

Hotels, Apartments, Office Buildings, Laundries, Garages, etc., save money with Whiting Stokers—fitting any make or model of boiler.



## INSTITUTIONAL

Cleaner, healthier, automatic, and less expensive heating for Hospitals, Schools, Churches, Colleges and Public Buildings. A great Labor and Fuel Saver!

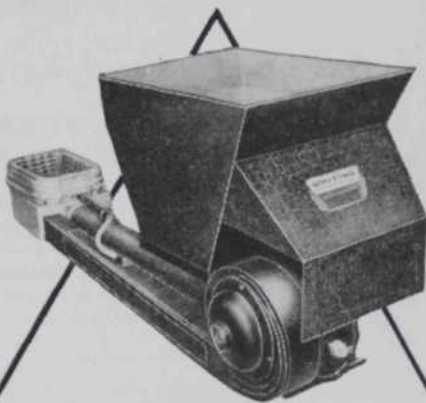


## RESIDENTIAL

Whiting Corp. also makes a complete line of small bituminous coal stokers for automatic home heating—less expensive to operate than coke, oil or gas.



CLIP THIS "SAVE FUEL" COUPON



# WHITING STOKER

Underfeed Stoker Division,  
**WHITING CORPORATION,**  
15624 S. Halsted St., Harvey, Illinois

Please send data on Whiting Stokers for  
☐ Commercial Service ☐ Industrial Service  
☐ Residential Service ☐ Institutional Service

Name.....

Address.....

City..... State.....

attorney at police headquarters sees the report of every accident. If ambulance chasing is indicated, investigators rush to the scene, track down witnesses and make photographic evidence. In the five months since its organization, the new division has conducted 50 per cent more investigations than were made in the previous six months.

I believe Chicago is the only city in the United States to have a Research Division as part of its Law Department. We have set aside \$10,000 annually to maintain it. With the cooperation of the universities in the Chicago region, we selected a political scientist nationally noted for his research work to head the unit. He directs a staff of sociologists and economists whose major duties are fact-finding and keeping the city abreast of developments in the whole field of government.

As Barnet Hodes, our Corporation Counsel, points out:

Changes in the social scene have been so rapid and far-reaching that government in every field has had to develop new methods of approach. Private firms customarily support their attorneys with data compiled by statisticians, accountants, investigators, and research workers. If sometimes private attorneys appear to better advantage than lawyers in public practice, the explanation may be found frequently in the fact that private corporations have been quick to appreciate the value of research support while public agencies have been comparatively lagging in this respect.

The reorganization of our legal affairs, as well as our entire economy procedure, injected sound business management into city government. Now how to help business itself—whose principles we were largely adopting? Personally I believe that the Century of Progress did much to restore confidence in Chicago mer-

chants and citizens. It helped business to help itself. When everyone was calling, "Wolf, wolf, the depression is here," we had a World's Fair.

Soon after the Fair was under way, the wisdom of keeping it a second year became apparent. The buildings were there. Overhead the second year would be less than the first.

In 1933, 85 per cent of those attending were non-Chicagoans. Why not get Chicago to attend its own Fair in 1934? Personally I felt that one of my major jobs in 1934 was "selling" the Century of Progress to Chicago. Of course, there were the usual objections. "They" said it wouldn't "pull" a second year. But we prevailed upon Fair officials to forget precedent. Attendance in 1934 did not exceed 1933, but, with reduced overhead, profits were greater and the city had another year of brisk trade.

One of the surprising features to us was the backwash after the Fair was over. Some 30,000,000 persons had formed a habit of coming to Chicago.

### Rivaling Mardi Gras

CIVIC advertising, inaugurated before the Fair, now became a permanent institution in the form of a Keep Chicago Ahead Committee made up of civic officials subject to call for any important civic event; as, for example, the "Chicago Homecoming Celebration and Community Week." Through the Committee's efforts, this celebration is already taking its place with such municipal events as the New Orleans Mardi Gras, the St. Louis Veiled Prophet, and the West Coast Rose Festival.

Our annual Christmas Benefit, founded in 1933, has also renewed

## Coming in July

★ ★ ★

### The Ghost in Section 7a

By Lawrence Stafford

The fundamental idea of the National Labor Relations Act is that employees shall have the right to bargain collectively with their employers. There is considerable more to the Act than that, however, as many employers who have had experiences with the National Labor Board are finding out.

### Watch the Plastics!

By Rufus H. Jones

Behind the scenes views of one of the "baby" industries—if a \$50,000,000 business may be called a baby—explaining something of the past and some hints as to the future.

### What You Say Will be Used Against You

By Paul McCrea

A satirical account of the hearings of the "White Committee" organized to apply senatorial inquisitorial methods to members of the upper house.



confidence in Chicago's future. It was created to do four things: Clothe underprivileged children; build a new connotation of Chicago, not as the crime capital of the world, but as a city of homes; weld all communities together; and establish a Christmas benefit as a permanent institution. Last year we raised \$325,000 and clothed more than 64,000 children.

Then there was the Milk Ordinance in which I was personally interested. When the Twenty-first Amendment curtailed the activities of the beer baron, he began to bootleg milk. Racketeers muscled in with low prices, farmers could not compete, and the milk strike was on. Hundreds of gallons of milk were dumped by the roadside. Finally, strikers, producers and arbitrators, meeting in my office, agreed that, without raising the price to the consumer, we would increase the price to the farmer. We drew up what is known as the Kelly Milk Ordinance. Briefly, it is "dated milk"; that is, the farmer cannot sell Tuesday's milk on Wednesday. In addition, the Ordinance requires strict inspection which the racketeers are unable to meet.

One of the questions which officials of other cities frequently ask is, "What are you doing to induce the large taxpayer to make his payments promptly to avoid the necessity of continuing to take out tax anticipation warrants?"

Well, we have done several things. Three years ago Chicago was broke. Today, the city is solvent. Her credit is restored; her budget balanced. Interest on city bonds is the lowest since 1899. *Per capita* cost has decreased from \$37.50 in 1930 to \$30 in 1935. Levies for the city's corporate fund reduced 40 per cent; for the schools 32 per cent.

These, we believe, are the silent arguments which are inducing the taxpayer to pay promptly.

In 1933, after serving my predecessor's unexpired term of two years, it was my good fortune to be elected by the largest plurality ever given to an American mayor. I mention this not in a personal sense, but rather to show that when things sometimes look black at the start, they often end up with a silver lining. This unusual vote was simply the people's approval of a united administration and a co-ordination of the city's forces—public, business and social.

With the continued cooperation of Chicago's citizenry, our city will keep on prospering, especially with the evident prosperity that is sweeping the whole country now.

What is left to do in 1936? Exactly twice as much as in 1935. The program for strengthening Chicago's financial structure has just begun.



## \$100 A MONTH - Buys Thousands in Happiness in *VIRGINIA*



For 300 years Virginians have cultivated the art of living.

To those who love the sea Virginia offers pleasant homes bordering famous beaches. Her "Tidewater" is a series of giant peninsulas ribboned with majestic rivers. With wonderful fishing, bathing and sailing, life could be very happy.

What a spot to which to retire when your strenuous days are over! And the best of it is, you could live there with comfort on \$100 a month. Doubtless you'll want more, but here's a way to make sure of that much at least. Start a Northwestern Mutual Retirement Income Plan. Lay aside a reasonable amount each year and you can count on \$100 a

month when you are 55 or older.

*Leisure Land!* It may be Virginia or some other wonder spot, but here's a safe way to get there—with a thrifty old company, too. Sound management has effected such economies for Northwestern Mutual policyholders that half of all this company's new insurance comes from satisfied members previously insured in it.

### Send for the "Wonder Spots" Book

Learn where you can retire on a modest income and how to have \$100 or more a month when you are 55 or older.

## The Thrifty Way TO LEISURE LAND

THE NORTHWESTERN MUTUAL, Milwaukee, Wis.

Please mail "Wonder Spots" booklet. 55  
How much income can I have at age 60  
if I lay aside \$.....a month?

Name (Print).....

Address.....

City.....State.....Age.....

If under 55 and in good health mail this coupon  
NB-6-36



The assets of the Northwestern Mutual, as reported to state insurance departments, now total a billion dollars—a great estate administered for the mutual welfare and protection of more than 600,000 policyholders with 3 billion 700 million of insurance in force.



# New Ideas in Selling

News and comment on some of the current goings-on in the world of distribution and selling

**Swelling the spread:** A popular oratorical and investigational theme with our lawmakers and administrators is the spread of prices between producers and consumers. Various angles of the question of why consumers pay so much for goods and farmers receive so little are receiving current attention from such bodies as the Federal Trade Commission, the Department of Agriculture, Department of Labor, the Patman committee investigating chain stores and so on. The question also bulked large in AAA studies, NRA price hearings and the old Consumer Division which last, in the words of the then director, Walton H. Hamilton, planned to seek answer to the question, "Why do some products which are relatively inexpensive to produce appear in the market at such a high price?"

Whether that now moribund Division ever arrived at the answer our files fail to show, but a recent survey of the grape and wine industry in the Lodi, California, district, made by the Lodi Chamber of Commerce and the San Joaquin County Agricultural Commissioner, supplies a rather startling reply to the question in so far as it applies to grape producers and wine consumers.

The survey showed that during the 1935 season Lodi's 12 wineries crushed 179,231 tons of grapes, for which the wineries paid the grape growers an estimated average of \$9 a ton, a price which would appear to put grapes in Dr. Hamilton's category of "products relatively inexpensive to produce." But these \$9-a-ton grapes, before they reached the consumer's wine glass, were assessed a federal tax of \$24.09 per ton crushed, plus a state tax of \$3.66 a ton, a total of \$27.75 per ton, or more than three times as much as the grape grower received for them. And these were only two of many taxes the product bears. Here surely is an answer as to why this particular product "which is relatively inexpensive to produce appears on the market at such a high price."

The example, while admittedly an extreme one, indicates an increasingly important factor in the consumer-producer spread on all products. Our lawmakers and administrators, now so perplexed as to why producers receive so little and consumers pay so much, need only look in their own shaving mirrors to dissipate a portion of their puzzlement.

**Dry goods diagnosis:** Trends in the field of distribution which recently caused Marshall Field & Company to revamp its wholesale division and to discontinue national jobbing of goods other than those made in its own factories are

recited and analyzed in a booklet which the company is circulating among its employees. The analyses of these trends, based as they are on long experience in the dry goods field, may interest others in that field, whether or not there is agreement with the premises and conclusions.

Changes in consumer buying habits are summed up in these words:

"There has been an increasing interest in style on the part of the consumer during the last 25 years which has caused her to seek trading centers [towns of 2,500 upward, depending on locality]



Ice cream cones and cups have a new rival, a paper container which holds 3½ ounces of cream and, in the bottom, a paper napkin

where a variety of style merchandise is offered. . . . There has been an increasing demand for lower prices . . . which has led her to seek trading centers where she has an opportunity to shop.

"The consumer seeks the larger retail stores in these centers because they have been able to purchase goods direct from the manufacturer at lower prices than can be obtained by the small merchant who operates the village store.

"As a consequence, an increasing percentage of goods sold at retail is now sold in the larger metropolitan markets. . . . The increased use of the chain store has led to an increased volume of trade in the trading centers, since the chain stores are usually located in these cen-

ters. . . . All of these tendencies have resulted in decreasing the significance of the small merchant located in towns too small to be classed as trading centers."

Partly as a result of these changes in consumer buying habits, retailers have changed their buying methods, the booklet continues. Such village retailers as remain handle primarily low-priced staple merchandise which they both buy and sell in limited quantities. Most of their buying is from local jobbers, an insignificant portion from national jobbers, and about 25 per cent direct from manufacturers. Retailers in trading centers, on the other hand, now buy from 50 to 90 per cent (the last figure applying to retailers in the million-a-year class) of their requirements direct from manufacturers.

Cooperative buying associations, for the most part representing independent department stores in cities of 75,000 or more, and buying offices, which are companies or individuals operating on a commercial or fee basis, comprise two other increasingly important channels for retailers' purchases.

Purchases made direct from manufacturers and through the buying associations and offices account for an estimated 80 per cent of the large retailers' buying and are in large part responsible for a 44 per cent decline in the volume of retailers' purchases from wholesalers during the last 15 years. The 20 per cent which the wholesaler still supplies consists largely of fill-ins, small orders, and goods purchased at low prices for special sales—the least profitable sort of business for the wholesaler—and this business goes chiefly to local and specialty jobbers.

"Under these circumstances the outlook for the national dry goods jobber of quality merchandise is not promising," Marshall Field concludes. "In fact, it would appear difficult for such an organization to operate profitably during the next decade."

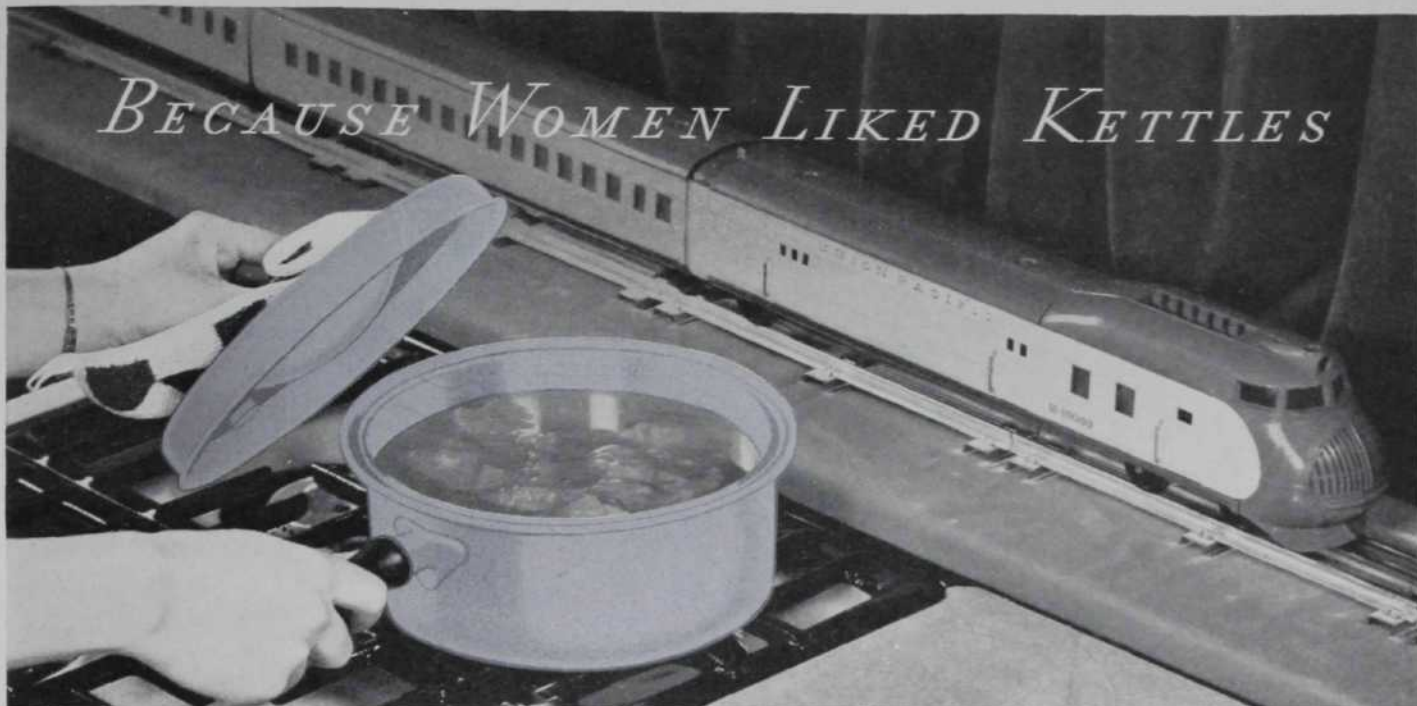
Ergo, the company's new policy.

**Buying piece:** With its line of products becoming so diversified that dealers were having difficulty in fully acquainting themselves with both the line and the merchandising helps available, a large tire and rubber company is finding a solution to the problem in its recently issued "Redbook." The handy volume provides a complete catalog of the company's products, sales helps and advisory services. It is a buying rather than a selling piece, a guide which enables the dealer to find at a glance any product of the company and every bit of sales promotion and advertising material available to assist him in moving it.

**Odd Lots:** American Telephone and Telegraph Company, advocate of more telephoning, is now practicing its own preachments by answering stockholders' mailed-in inquiries by phone. . . . The ubiquitous quintuplets are showing their faces on the porcelain base of a new table lamp. . . . Manufacturer of glass building blocks suggests their use in service stations which "could change color every night" merely by changing colors of the light bulbs inside. In addition to merchandising possibilities, such as announcing that bargains in tires, etc., will prevail when the building takes on a certain color, the idea seems to offer means of casting a more cheerful hue on blue Mondays, also one way of keeping out of the red. —PAUL H. HAYWARD



# BECAUSE WOMEN LIKED KETTLES



*★* IT IS TRUE that a man, and a bachelor at that, made the first commercial Aluminum. But it was the women of America who first gave it commercial importance. It seems incredible that, only fifty years ago, few homes in America contained a single ounce of Aluminum in any form. Today Aluminum ranks fifth in the great family of common metals. In the homes of 1936 there is hardly a room in which Aluminum is not serving, visibly or invisibly.

It all began with a teakettle.

Timidly, because men are creatures of habit and tradition, the young Aluminum industry ventured to make a teakettle of the new metal, because it would conduct heat so much faster than the older metals. The kettles were offered to women with some trepidation.

But women are bold spirits! They liked the kettles! The mere fact that the metal itself was new and comparatively unheard of, meant less than nothing to them, so long as they got results. They liked the kettles and they demanded other Aluminum cooking utensils that were light and bright and friendly to food.

This preference for lightness and brightness was quickly recognized by the men in the aggressive young electrical industry. Thanks to their enterprise, the teakettle and the shining Aluminum pots and

pans soon had labor-saving electrical appliances as working companions.

The electric vacuum cleaner, the drudgery-banishing electric washing machine, the smart electric waffle mold, and a score of other electrical appliances for easier and more gracious homekeeping, all made use of one or more of the advantages of this versatile metal. With the coming of electric refrigeration, ice cube trays were made of Aluminum to speed freezing.

It took more to make an industry than the discovery by Charles Martin Hall, in 1886, of an economical process for extracting Aluminum from the common mineral, bauxite. It took long, plodding years of research, and scientific and manufacturing development, to attain the strong capable alloys of today. Also it took generous co-operation from the engineering profession and the metal-working industry.

But when we who work in Aluminum are tempted to pride ourselves on the progress the industry has made in a brief half century, we are made properly humble by the realization that the modern streamline trains, the motor trucks and buses, the building facades now being constructed of Aluminum, are a tribute to the audacity of the homemakers of America; to them and to the enterprising household utility industries which have grown up to serve them.

A FIFTIETH ANNIVERSARY MESSAGE FROM

ALUMINUM COMPANY OF AMERICA



# No MORE CREDIT LOSSES

YOU control the sale of your product and ship as usual. You can get your money from us upon delivery of duplicate invoices.

We investigate, approve, and take *all risk of loss* on your credits. We make all collections direct from your customers, who are *notified* on their invoices that their remittances are payable to us. Think of the expenses and possible losses you avoid!

You can increase your volume on your present capital, improve your credit by buying for cash and discounting your bills, reduce your percentage of overhead, and make more profit. You are free to give your entire time to styling, production, and distribution. Advances on inventory considered where we carry receivables.

Our total charges are only  $\frac{3}{4}$  of 1% to 2% flat on your invoices, plus 6% interest - depending upon character of business, average maturities, and the credit risk.

Give our "factoring" service a trial. It will put your business on a cash basis.

## TEXTILE BANKING COMPANY

CAPITAL AND SURPLUS \$5,000,000

55 MADISON AVENUE...NEW YORK

"FACTORING AND FINANCING"



Use this coupon



TEXTILE BANKING COMPANY, 55 Madison Ave., New York

Without obligation please send the booklet "Factoring and Financing".

Firm

By

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# The Parable of the Two Shepherds

By PAUL McCREA



**Now** in that Land dwelt a Shepherd and his Neighbor. And they guardeth their flocks. And they goeth forth before cockcrow. And the evening star watcheth their return. And their diligence surpasseth understanding.

And when lambing time was come they counteth the increase from their flocks.

And the Shepherd counteth six score new lambs. And his Neighbor counteth four score.

And the King knoweth these things.

And he thinketh upon them. And he thinketh verily it is written that in my kingdom all men shall be equal.

And he calleth his Courier that these two may be brought before him.

**And when they were come unto the King, the Shepherd spake saying**

Oh, King, I have sinned not. Neither know I magic. But I guardeth my flock. And my eyes are big to see afar off. And no ewe strayeth away. No ram falleth into the ravine. And no beast of prey carrieth off a lamb.

And his Neighbor spake saying

Neither have I sinned, oh, King. Nor know I magic. And I guardeth my flock from cockcrow to evensong but my two eyes are small and the distance is dim before me.

And the King spake saying

Verily in my Kingdom one man shall be like unto his brother that all may fare alike.

And he calleth his Court to affix a patch upon the Shepherd's right eye. And it was done.



**And these two goeth forth.** And they guardeth their flocks. And with his left eye the Shepherd watcheth from cockcrow to curfew. But his ewe strayeth away. And his ram falleth into the ravine. And when lambing time was come he counteth the increase from his flock. And he counteth but two score lambs.

And his Neighbor counteth four score as before.

**And the King** knoweth these things. And he thinketh upon them. And he calleth his Courier that these two shall be brought before him.

**And when they were come unto the King the Neighbor spake saying**

Oh, King, know I no magic but my legs are strong to walk swift around my flock. And I holdeth them together.

And the Shepherd spake saying

Verily, oh, King, am I slow of foot and weary of much walking.

And the King spake saying

Verily, in my Kingdom one man shall be like unto his brother that all may fare alike.

And he calleth his Court to forge shackles upon the Neighbor's legs. And it was done.



**And these two goeth forth.** And they guardeth their flocks. And when lambing time was come the Shepherd counteth two score new lambs. And his Neighbor counteth none.

**And the King** knoweth these things. And he thinketh upon them. And he calleth his courier that these two may be brought before him.

And when they were come unto the King the Shepherd spake saying

Oh, King, my ewe strayeth away. My ram falleth into the ravine. But my voice is strong to cry out and no beast of prey carrieth off a lamb.

And the Neighbor spake saying

Oh, King, scarce can I speak above a whisper.

And the King spake saying

In my Kingdom shall all men be equal. And he calleth his Court to place a gag upon the Shepherd's mouth. And it was done.



**And these two goeth forth.** And they guardeth their flocks. And when lambing time was come these men stood again before the King.

And they spake to the King saying Oh, King, verily neither now has more than the other.

And the King was well pleased. And he spake, saying

Verily, in my Kingdom are all men equal. Surely now the land will flow with milk and honey.

And they spake to the King saying

Verily, if it does not, will the people's bellies be empty for we have now neither lambs nor flocks.

And the King spake saying

Well, I'll be a son-of-a-gun.



## Saga of a Small Town Merchant

(Continued from page 24)

ties. Also in 1915 the Murrays injected a new note into their newspaper advertising. Personal items under the caption "Everything for the Farm News" items chronicle the doings of Murray customers. Like this:

Alex Chimahusky of Whites Valley is erecting a mighty fine dairy barn. He has purchased roofing, silo, stanchions and all other hardware supplies, all of the best quality. Alex is surely some hustler.

Nat Bolkcom of Rileyville is going to cure his hay with a W. A. Wood Tedder. Nat is convinced that by using a tedder the hay cures faster, saving one or two hours each hay-day.

"These notes about our customers and their neighbors, what they are doing and why, get our advertisements read," Bob Murray tells you today. "They strike a personal vein that we try to maintain all through our business."

"The store," with P. R.'s death in 1916, passed to the custody of the third generation of Murrays—the three sons, Bob, Phil, Jr., and Quintin, and sons-in-law Jacob Demer and, later, Eben Keen. P. R.'s wife, now Grandmother Murray, survived—she's still active about the store.

The story hurries on. In 1917 the boys essayed a Spring Opening. It went so well that the next spring Bob and Phil—Quintin was somewhere in France with the Tank Corps—repeated it. It was held regularly thereafter and the Murray Opening is as much a Honesdale institution as was once Great-Grandfather Murray's high silk hat.

In 1923 still more floor space was

needed. The Murrays found it in a warehouse back of the store and across the crumbling banks of the old Delaware and Hudson Canal, dry now and abandoned since the turn of the century. Since 1923 the warehouse has been enlarged and enlarged again until today its three floors provide 40,000 square feet of space.

### Wholesalers and contractors

BY 1923 also the Murrays were in the wholesaling business, as well as mail-order and department-store-scale retailing. Their handling of countless carloads of government surplus supplies—ranges, neatsoot oil, harness, blankets, etc.—after the War is a story in itself. They were also in the contracting business. Their heating and plumbing plants, their roofing and refrigerators had to be installed—yes, and like P. R.'s farm implements, repaired and serviced—and the Murrays equipped themselves to do the job. Phil and Jake Demer studied the Anthracite Institute of Heating Engineering courses; Quintin went to the New York Electric School; all of them took home study courses and attended manufacturers' training schools.

### A manufacturing sideline

THEY were, in addition, doing a sizable silo manufacturing business in one end of the warehouse. Cutting the wooden staves and doors and fitting the hardware kept men at work



## ONE MATERIAL

- DECORATES
- INSULATES
- QUIETS NOISE
- CORRECTS FAULTY ACOUSTICS
- AT ONE LOW PRICE

★ Nu-Wood, the multiple-purpose wall and ceiling covering, combines all these advantages—gives you these benefits permanently—without frequent maintenance expense. No other material has its rich texture, its glowing variegated colors. No other material creates such rich, distinctive walls and ceilings—at such amazingly low cost. Nu-Wood is better interior finish for homes, stores, offices, restaurants . . . public and private buildings of all kinds. Ask your local dealer or write us today for complete information.



# NU-WOOD

Made by the Makers of

## BALSAM-WOOL

WOOD CONVERSION COMPANY, St. Paul, Minn.

**WOOD CONVERSION COMPANY**  
Room 144, First National Bank Building  
St. Paul, Minn.

I want to know more about NU-WOOD. Please send me, without obligation on my part, information and illustrations.

Name .....

Address .....

City.....State.....



FOR NATION'S BUSINESS BY HAMMER

Town and country rubbed elbows as they filed past Grandmother Murray and Mrs. Bob Murray for the free cafeteria lunch of beans-and-horseradish sandwiches



# Money changes Hands ... so do Disease Germs!

**In Your Washrooms—Individual ScotTissue Towels prevent Hands from spreading Contagious Diseases**



## THE PATENTED S-T-R-E-T-C-H

explains why the ScotTissue Towel dries like cloth—why it won't go to pieces in wet hands. It's an exclusive feature of Scott Towels.



*Anything commonly handled by people can quickly become a dangerous source of germs.*

**P**LENTY of fresh, clean ScotTissue Towels in your washrooms will prevent the spread of contagious disease germs from one towel user to another.

For only *one* person uses a ScotTissue Towel *once*, then throws it away.

People like these sanitary towels! Made of "soft-weve" thirsty fibres, they feel like cloth, dry like cloth. S-T-R-E-T-C-H-Y, they reach deeply, comfortably into the creases of the face and hands.

More than one ScotTissue Towel is rarely needed to dry the hands. That means economy in yearly towel costs.

Scott Towels are protecting health in more than 100,000 washrooms. Write for a free trial packet. Address Scott Paper Company, Chester, Pennsylvania.

# ScotTissue Towels

*Used once—then thrown away!*



# REORGANIZATION PLAN APPROVED BY HREBEJK, INC.

**"Officers" Adopt Plan of Debt  
Liquidation That Has Given  
Fresh Start to Thousands**

CHICAGO—Hrebejk "Inc." of Blue Island Avenue, this city, a worthy Bohemian family,



STEVE HREBEJK  
President

has found a way to maintain its financial integrity, and thus continue its usefulness to industry and society. Like the vast corporations, this small domestic unit, kept going for a long time in the face of diminished income—until something simply had to be done.

## Who Would Lend to the Hrebejks?

You know how a vast industry raises money—sale of stock, mortgages on property, loans on the known good character of the principals. But you might well wonder how the humble Hrebejks raise two or three hundred dollars, with no collateral, nothing to pawn—no credit reputation.

The Hrebejks came to Household Finance. They needed a loan quick. We gave it to them. Then they approved our suggestion that after this, Anna was to be "treasurer"—handle all the money. Steve is still to be "president" on a salary, which Anna is to hand to him out of his envelope on payday.



ANNA HREBEJK  
Treasurer

## Plan Explained in Free Booklets

Hrebejk "Inc." is paying us back out of 7% of their monthly income. Back bills are all paid and they still have 93% of their salary for current uses. Anna has stopped a number of money leaks and gets more for her shopping dollars because she follows the instructions of our "Doctor of Family Finances." These instructions in booklet form, are the key to Household Finance's great family-reorganization work. You ought to look them over. Send this coupon and see for yourself how the American Family of small income makes the grade. Fill in and mail to HOUSEHOLD FINANCE Corporation, Room 3052-F, 919 North Michigan Avenue, Chicago, Illinois.

### "DOCTOR OF FAMILY FINANCES"

c/o HOUSEHOLD FINANCE, Room 3052-F  
919 North Michigan Avenue, Chicago, Illinois

Please mail me free of any charge or obligation, free sample copies of the Money Management booklets that you distribute to families to help them get a fresh start financially.

Name.....  
Address.....  
City.....State.....

during winter months who otherwise would have been idle.

These activities kept the Murrays fairly busy. They kept them busy until 1927 when the Murrays found time to enter the chain-store field, via a Murray-associated store in Tunkhannock, Pa. In 1933 they added another, in Owego, N. Y. The three stores are located to give coverage over a 7,500 square-mile trading area.

In Bob's words:

"It's a good thing we're a large family; there are too many angles for one man to follow."

Bob's eyes crinkle as he tells you that, but as senior partner—if Grandmother Murray is excepted—in the Murray Company, you gather that there are few if any of those angles he doesn't keep tab on.

Bob was pretty busy at the time—it was the second of the three-day Nineteenth Spring Opening—but between handshakes with friends and customers who'd driven from as far as 45 miles away he told this saga of small town merchandising.

"Take this Spring Opening—"

I took the Spring Opening. A cold April drizzle was falling outside, but the electric "eye" at the front door was ticking off entering visitors at a rate that would run to around 3,000 before closing time at 5:30 p. m. The day before there had been 2,800. The Murray ladies, serving free cafeteria lunch of sandwiches, doughnuts and coffee to all comers in the erstwhile tin shop up on the top floor, said that that 2,800 figure checked pretty well with their reckoning. They'd used 111 sandwich loaves to make and serve 2,900 sandwiches. The Murray ladies included 79-year-old Grandmother Murray, her sons' wives and the wives of the married men among the 33 employees. Baked potatoes, generously buttered, were being handed out over at the warehouse.

"We had a hard time getting visitors up to the lunch counters at our first Opening," Bob recalled. "Guess they thought there was a catch to it. But we've had no trouble since."

## No sales solicitations

THERE isn't any catch to it. Murray salesmen make no sales solicitations at the Spring Opening. They'll accept sales, but they don't solicit them.

A Murray Opening smacks something of a county fair and something of old home week. Down in the basement, along with the housewares, General Electric's new talking kitchen was in automatic action, shifting lights playing while first the refrigerator, then the dishwasher, then the electric range explained their own good points to entranced farm wives.

On the ground floor the fourth gen-

eration of Murrays in the person of Bob's son, 29-year-old Ed Murray, was greeting friends as he presided over the sporting goods department. A young woman accordionist divided the throng's attention with aquarium tanks in which live trout splashed, and washer, paint and electric razor demonstrations. On the second floor a hill-billy trio and a magician-ventriloquist occupied an improvised stage. Odd corners held a home work shop in action, splashing electric pumps and water-filled milk coolers. On the third floor another accordionist provided dinner music while town and country, roughly clad and otherwise, rubbed elbows and munched Mrs. Bob Murray's baked-beans-and-horseradish sandwiches.

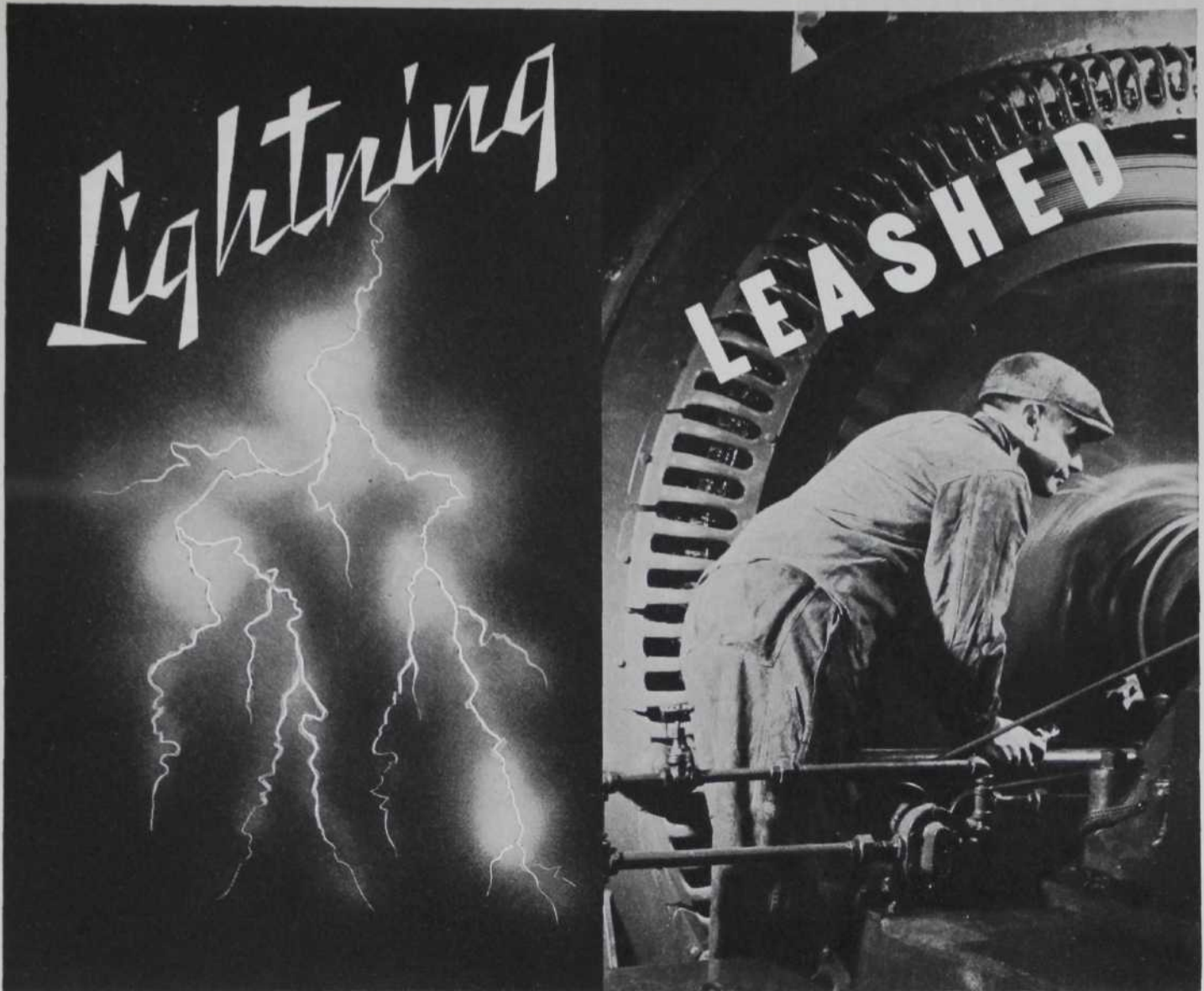
## New forms of merchandising

OVER in the warehouse, Murray customers were crowding an improvised movie theater to hear and see talking pictures of themselves and neighbors. Those movies were a new idea with the Murrays. The Pennsylvania & Atlantic Seaboard Retail Hardware Association, of which Bob was president, had been working on the idea and wanted its merchandising possibilities tried out. So last fall and winter Quintin Murray went "on location" at a hundred farmsteads in his odd hours, doubling as camera and sound-effects man. He shot more than 2,000 feet of sound-film. Murray customers using Murray farm equipment, Murray customers showing off new Murray-equipped barns. You can guess whether or not Murray customers and others came to the Murray Spring Opening to see themselves and friends movie-acting.

Outside the warehouse a tractor demonstration was going on, a Murray silo had been set up and a hay-chopper was at work. Thirty-five demonstrations in all, and the manufacturers' representatives who were conducting them were so numerous that hotel space in Honesdale was at a premium.

"Folks seem to like these Openings and they're great things for us. They don't cost much. We do 95 per cent of the preparatory work ourselves during dull periods. As soon as one's over we start getting ready for the next. They give us an objective to work toward and provide an antidote against winter letdowns. The advertising costs money, of course, but we ought to be advertising anyway. As soon as the show's over the "Spring Opening" signs on those standards are replaced by our regular signs and we're 100 per cent ready to go into our busiest season. The manufacturers' representatives and demonstrations have pepped up our





TORTURED and alive, a million white volts wrench across the darkness. Lightning, power set loose, is destructive, turbulent, wild. But lightning harnessed by man . . . electricity *safely* leashed . . . keeps wheels turning and men at work!

To help keep power in bounds is the task of Hartford Steam Boiler. To industry's power plants, large and small, go Hartford inspectors, experts in a difficult profession. Their job is to diagnose trouble in boilers, engines, electrical machinery, at an early stage, to work with engineer and staff in guarding expensive equipment. They bring to each check-up the experience, the mature judgment developed by close to twenty million inspections.

They bring, also, the diverse, unique facilities of a pioneering organization!

For Hartford protection is not alone the protection of the individual inspector. Back of every man, every policyholder, are the united forces of skill, tradition, research — concentrated in a staff of engineering specialists. This unique group, authority on engines, turbines, electrical apparatus, engineering materials, is responsible for many safety standards now accepted everywhere *as* standard. Its aim, through counsel and advice, is to save Hartford clients *much more* than they pay for insurance!

American business men know Hartford Steam Boiler as a good company to deal with. It is the largest institution of its kind in the world, the oldest in this country. It has weathered the world's economic ups and downs with financial resources capable, always, of meeting full obligations. It holds, and deserves, the esteem of men in the shops and at executive desks. It writes *about half* all boiler and machinery insurance in the United States. Today, as always, Hartford is *first* in the safeguarding of power.

This familiar seal, the hall-mark of the largest purely engineering insurance company in the world, appears on all Hartford Steam Boiler policies. . . . Engineering insurance covers loss from damage to property or persons, and stoppage of production, business or rents due to explosions of boilers and pressure vessels, and accidents to power and electrical machines. . . . Ninety per cent of all power boilers built for America's industrial plants bear the HSB imprint, placed thereon by the Hartford inspector who passed upon their design and watched their construction.



**THE HARTFORD STEAM BOILER INSPECTION AND INSURANCE COMPANY, HARTFORD, CONNECTICUT**



# JIM DISCOVERS *Low Cost* COOLING!



**JIM:** Man! What a cool spot on a hot day! I didn't know your office was air-conditioned!

**FRED:** It isn't! That GUTHFAN Conditionaire keeps you cool by a new principle of air circulation! Brings the cool air up from the floor, traps the hot air near the ceiling, and keeps the room air in constant gentle motion.



**JIM:** You mean that one small unit keeps your office this cool all summer?

**FRED:** Yes sir! The Guthfan circulates more air than three ordinary 16-inch fans, without blast or drafts, and costs less to buy and to operate! It's healthful too!

**JIM:** Say, where can I get all the facts about GUTHFAN? I'm interested!

## FOR OFFICE, STORE, and HOME

No wonder Jim is interested! You will be, too, when you see how GUTHFAN Conditionaire makes you feel 10° cooler on hottest days.

Enjoy real summer comfort this year, at low cost! GUTHFAN circulates *only* cool air from the floor, drawing it up, then out and down in a steady, draftless motion. Pleasant, invigorating, healthful! A trade builder for business places. Makes for efficiency in offices. A comfort for the home!

Write for FREE GUTHFAN booklet. Many smart models, easy to install as a lighting fixture. Mail coupon TODAY.



THE EDWIN F. GUTH CO., 2637-H Washington Ave., St. Louis, Mo.

# GUTHFAN Conditionaire

THE EDWIN F. GUTH CO.  
2637-H Washington Ave., St. Louis, Mo.  
Gentlemen: Please send me your FREE book on GUTHFAN Conditionaire. Also advise where I can see one in actual operation.

Name .....

Address .....

City ..... State .....

salesmen and thoroughly acquainted them with the various lines. Everything has been priced, stock has been organized, farm machinery has been assembled, the store's been painted and cleaned up, and the organization is on its toes.

"We keep on our toes through other events in the course of the year—Refrigeration Week, Home Heating Week, displays at the county fair, Christmas Week and so on."

Bob paused to push a button.

"Had to install a traffic control system between floors to handle these crowds," he explained. "That button signals them upstairs and downstairs that I've got as big a crowd on this floor as can be handled. Get too big a crowd and they don't enjoy themselves. Might overtax the floor, too. We're careful, and so far we've never had an accident or panic."

## Good work is recognized

"AS I was saying, we keep on our toes. It takes cooperation to put these events over. We get it by paying our people considerably better than the going rate of wages and treating them fairly. When we cast up accounts at the year-end, we give allowances to our key men who have done outstanding jobs. Those allowances have run from \$50 cash and \$50 in merchandise to as much as \$300 cash and \$300 in merchandise. We don't call these bonuses. We figure our men earned them. Then we take a pre-determined share out of net profits and divide it equally among all employees, from truck drivers to managers."

"We ask a lot from our people and we believe in giving as much in return as we can. We find a good deal of satisfaction in the fact that three-fourths of them are heads of families and property owners, and that a lot of them have children in college."

Bob took me over to see the plumbing display.

"This and roofing are my special pets. Jake Demer's worked out a pretty good wrinkle on selling these farm water systems. It's an adage around here that our dairy farmers think more of their cows than they do of their wives. So Jake starts off by selling them on a water system and drinking basins for their barns. He sells them on that and then he asks them why they don't run a pipe to the kitchen sink while they're at it. The water tank on the range heater's the logical next place to extend the pipe. Then why not a bathroom and, after that, why not a modern heating plant to keep the pipes from freezing in winter."

"We can do the whole job and do it right. We've got to do our jobs right."

We're in a town here of only six to eight thousand people and in a county of only 26,000. Our problem, and that of small town merchants like us, as I see it, is to sell a lot of goods to each one of a few people. The big town merchant's problem, on the other hand, is to sell a little merchandise to a lot of people. So, having a small group to serve anyway, we dare not lose a single customer. The chap who comes in today to kick about a faulty electric iron may be in the market tomorrow for a threshing outfit.

"Our kind of a market demands intensive cultivation. We have to go over this store's 25-mile trading radius with a fine-tooth comb if we want to keep up and increase volume. We've got to keep our old friends and make new ones. We find that personalizing our service is the best means to both ends."

"A man from a nearby city, for example, may call us up and tell us he's thinking about putting in a heating plant. 'When can we call?' Phil will ask him, 'Is Wednesday night okay?'"

"If it is, Jake drives over Wednesday night, carefully measures each room, window openings, glass exposure and so on. He asks the wife about her desires as to the basement. He does no selling, gives no estimates. He brings his figures back here, calculates the radiation required, checks through the data with Phil, then draws up a complete, carefully prepared presentation of his recommendations and estimates. Friday night he goes back and leaves it with the prospect. He doesn't try to sell him, merely asks him to study over the data. Several nights later Jake goes back and—usually—closes the sale."

## Roads lead two ways

"SURE we get a lot of business from the cities. We don't figure that they draw any trade away from us here. I know you hear a lot about good roads draining all the small town trade to the cities, but, after all, good roads lead both ways and it's what's at the end that's the important thing."

"That reminds me of a friend of mine who runs a hardware store at Claysville, over in western Pennsylvania. Claysville, with only a few hundred people, is surrounded by Wheeling, Washington, and several other cities. Some of us worried a bit over his prospects when Claysville became the center of a good-roads net leading to the bigger towns."

"He wasn't worried. 'These roads can only take about 300 people away from me but they can bring thousands to me,' he said."

"That brings up another thing that small town merchants have to recog-



nize today. We've seen it happen right here in Honesdale. Twenty-five years ago our competition was the three other Honesdale hardware stores. Today the competition, for them and us, is the hardware stores in Scranton, Binghamton and other nearby towns. Where 25 years ago competition for customers was between individual stores, today the competition lies between towns. The first and main job of small town merchants is to cooperate to attract trade to their town.

"How can they do it?"

### Tips for small towns

"WELL, one way is to see that their town offers a well-rounded supply of things people need. As an example, when we went into Tunkhannock we found there was no store there where women could buy dresses. Naturally, farm women didn't like to go there to shop and when it was a question of the family going to town, Tunkhannock just wasn't the town they went to. First thing we did there was to exert ourselves to get a dress shop established.

"Another way is for the reputable merchants in a town to cooperate in finding and eliminating the sore spots in their community. Some fly-by-night merchant may set up shop and start a series of misleading advertisements. People who get stung in a town don't like that town. So the reputable merchants have to make the erring brother see the light or suffer with him.

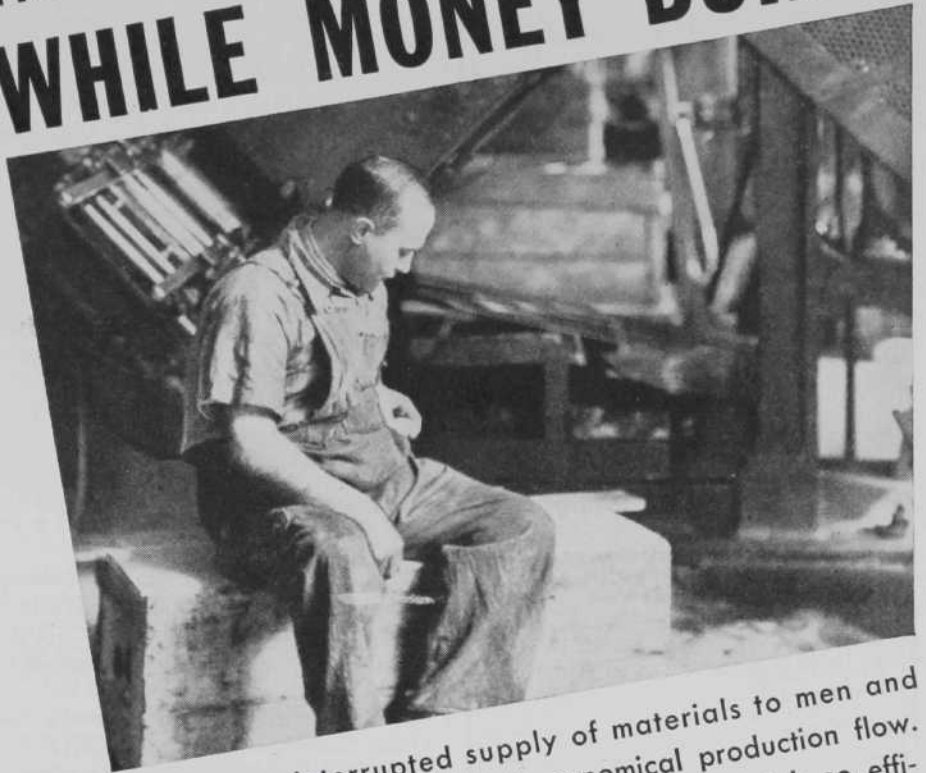
"After all, there are no short cuts to merchandising success. Back in the jazz age a lot of us thought there were, but we've found since that short cuts mean short-lived profits. Common honesty all through a merchant's dealings is still the best policy.

"And in that I include being honest with himself by getting an honest price for his services. A lot of merchants I know who wouldn't think of cheating a customer are continually cheating themselves.

"Sometimes they cheat themselves clear out of business. They try to meet the chains on price and throw in their own service for nothing. They try to meet chain competition with accounting methods which are 25 years out of date. It can't be done indefinitely.

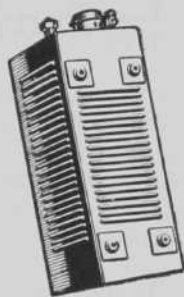
"We don't try to do it here. The big mail order houses' prices set a gauge for our own, but we make it clear that on an electric pump system, for example, there will be an additional charge for terms and still another for installation. With us, anything under \$10 calls for cash. We carry no open book accounts. We have what we call courtesy accounts, providing 30-day credit. If the bill goes unpaid for ten

## TIE-UPS CAUSE UNWILLING IDLENESS... WHILE MONEY BURNS



● An even, uninterrupted supply of materials to men and machines is the very crux of economical production flow. Modern factory haulage trucks take over the job so efficiently that the cost of needless materials-handling is rapidly diminishing in the best plants. But there is a danger point... Should the power unit of the truck break down, costs skyrocket while expensive machines and highly-paid workers wait in unwilling idleness. Such breakdowns, however, are unnecessary. By specifying Edison Steel-Alkaline Batteries, the Power source is protected against unexpected failure. It is an established, known fact that the Edison Battery is dependable...that its performance is predictable...that it has the stamina to meet the requirements of the service. The Steel-Alkaline principle is exclusive with Edison Batteries; all others are lead-acid\*. Edisons live 2 to 5 times as long; cost less per year. For every heavy-duty service.

\*In U.S.A.



# EDISON storage BATTERY

DIVISION OF THOMAS A. EDISON, INC.  
W. ORANGE, N. J.



## A Little Money but all their own

Few of us realize what a great difference even five or ten dollars a week can make in the lives of the aged.

Money they can call their very own can mean more to a dependent father or mother than the most lavish support which doesn't include this important item.

A small investment in a John Hancock Annuity, giving them an income as long as they live, can change their whole outlook on life.

Let us send you our booklet describing John Hancock retirement plans.



JOHN HANCOCK INQUIRY BUREAU  
197 Clarendon Street, Boston, Mass.  
Please send me your booklet, "Money For All Your Tomorrows."

Name \_\_\_\_\_

Street and No. \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_

N. B. 6-36

## THIS LITTLE BOOK

May be as Important



as Your  
**FIRE  
INSURANCE  
POLICY**

### ● THIS little book

shows how to handle and route watchmen so as to provide maximum protection from fire. It summarizes the proved practice that has made watchmen properly checked by watchmen's supervisory systems the first supplement of fire insurance in property protection.

WITH it will also be sent recent publications that will show you why Detex Watchclock Systems have become, by far, the most generally used for supervising watchmen.

ASK for "The Watchman." It will be sent on request to anyone interested.

DETEX WATCHCLOCK CORPORATION

4153 Ravenswood Ave., Chicago, Ill.  
29 Beach Street, Boston



**DETEX**

80 Varick Street, New York  
Room 800, 116 Marietta St., Atlanta

NB-6

days beyond that, the courtesy is automatically withdrawn."

Chains, mail order or otherwise, one gathers, do not bother the Murrys much.

"We would rather have chain competition than competition from an unintelligent independent," Bob tells you. "We know the chain outfit isn't going to pull any foolish, unprofitable merchandising stunts. We also know their prices and know that they'll stick to them."

"Sure, the chains, mail order and otherwise, keep one stepping. As I told a manufacturer the other day while dickering on a purchase order, the chains are smart merchandisers—most of the time. He named a certain big mail-order house and said rather sarcastically, 'I guess you'll admit that that outfit is pretty good all the time, won't you?'"

"'Pretty good, maybe,' I told him. 'But not very good. They had a loss last year.'"

"On that basis of profit or loss—and it's the only real one there is—a lot of us small-townners are doing a better job of selling than some of the big boys."

The Murrys' record is pretty clear along that line. They've shown a profit and an increased tonnage of goods handled in every year since P. R.'s time. Profits declined for a time during the depression; also, due to falling prices, their dollar volume.

But even during the depression the Murray's tonnage curve mounted.

Bob's modest about it.

"We're just small town merchants doing a fairly good job," he says.

His "fairly good job" means an annual dollar volume of between a quarter and a half million dollars in the Honesdale store and nearly three-

quarters of a million for the entire business.

Staying on the profit side meant some corner cutting during the depression, Bob tells you, but the cutting wasn't done on salaries or personnel. For one thing they wanted to keep their organization intact. For another, their people were handling more goods than before and, as a result, working harder.

"We decided to let salaries stand, do our cutting some place else, and ride it out," Bob declared.

Depression problems are past for the Murrys now, but new problems are crowding on the heels of the old. Competition is getting keener and keener, all through the production and distribution fields. Prices are declining all along the line as a result. Roll roofing, brass pipe, shingles, everything save a few well controlled commodities, fell about 33 1/3 per cent in price during the depression, then shot back toward former levels under NRA. Now prices are ebbing again. It's something new to reckon with.

But these problems and changes are what keep the business of merchandising interesting, Bob says. A good merchant has to keep in touch with the times.

"Too many of us small town merchants let our businesses grow old along with us," he philosophized. "To keep a business young, you need some youngsters in it. Too few of us are getting them in, then keeping them in by making their jobs interesting and responsible ones."

As he spoke Bob was gazing across the room at young Ed Murray. Young Ed, at the moment, was peering into a shining new refrigerator, answering the questions of an interested farm couple.

## In Praise of Pie

PIE, as the newspapers report, was again served at the annual meeting of holders of United States Steel stock. Other edibles accessible at the luncheon may be consumed without comment. Not so with pie. Its very presence makes talk. To the company's offices wrote a young American who wanted to know whether the charter required pie to be regularly on hand.

The meaning of pie is, of course, susceptible to interpretations as various as the individuals who react to it. At the turn of the century it was an issue. The *Providence Journal*, thundering against it, said that "if New Englanders had deteriorated physically, the primal cause is pie." To its defense rallied "that best 'nd brightest paper the *Noo York Sun*."

Editorially, the *Sun* declared that:

Pie, if not a primal cause, is at least an element of strength in what is best in the New England character. We are prepared to maintain before men and Mugwumps that great Pie makes great men, and good Pie good men; while bad Pie kills the weak and leaves the strong and viable to possess the land.

It may be that the art of making great Pie is almost gone. It will be found to linger in obscure corners, however, and happy they among whom it lingers. A sound and thorough Pie is a consummate work, as healthful as health. Even granting that Pie is as dangerous as some dyspeptic cranks assume, it is a danger worth facing and putting down.

It is sad to say that there are persons, born, doubtless, for some good purpose as yet too darkly veiled, who believe that it is a mark of superiority and of cosmopolitanism to turn up the nose at Pie. Let him who scorns the cates of his country be anathema!



## Big Crowds Don't Mean Big Sales

(Continued from page 86)

moting business is concerned. At best, the results obtained through such innovations are largely of an indirect nature. True, they help give a store some publicity, but this publicity is just as likely to be unfavorable as favorable. Occasionally the merchants fall for them, but in ever decreasing numbers.

The average business man has realized that the only logical, worthwhile system for improving business in his store is to offer real values in merchandise. It won't help him to bring a hundred men to his store with a view of selling them each a pair of pants if those men are not interested in buying pants at that particular moment. He might get John McCormack to sing in front of his store, but it wouldn't help sell a single pair of pants.

If he puts on a big dress sale and uses an orchestra to draw the crowds, he won't sell many dresses, because the women who pause in front of his establishment will be attracted not by the dresses but by the orchestra. Instead of creating interest in his merchandise, the storekeeper—as a result of all these tactics—is really creating interest in something else and is detracting attention from his goods.

### Hunting sales, not crowds

CONTESTS, carnivals and other spectacular and sensational events always bring large crowds to town, but when it comes to stimulating business, I have yet to find the merchant who says that they do much good.

"No sir," said Frank Bowers again. "I'm through being fooled so far as crowds are concerned. I don't know how many hundreds of dollars I have spent sponsoring various schemes to bring people to town and to my store, but I am confident that for every hundred dollars spent in such a manner, I have not received ten dollars in return.

Hereafter, when I want to put on a sale in our shirt department, I'm going to advertise shirts and reduced prices. The same holds good with other lines. I'm going to quit advertising circuses and other things that have absolutely no connection with my business."

It looks as though most of the other merchants in our part of the country are gradually coming to a realization of the same fact.

Crowds—in themselves—don't mean anything so far as stimulating business is concerned.

## BURGLARS HATE IT... TREASURERS LOVE IT...



**B**URGLARS, tramps, malicious intruders hate Cyclone Fence because they know it means "Stay Out." But treasurers feel quite differently about Cyclone for they know that it prevents thefts, protects property and its upkeep cost is low.

Cyclone Fence has many exclusive features that not only make it sturdy and good looking but save its owners money. Posts are set in concrete with a deep base wider at the bottom than at the top. This assures solid footing, keeps posts straight, resists frost action.

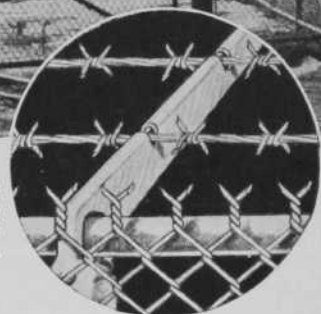


These deep, properly designed concrete foundations keep Cyclone Posts straight.

The famous Cyclone chain link fabric which bears the 12m label has an extra heavy coat of galvanizing that stands a minimum of 12 immersions in the Preece Test. That means much longer life—less expense. The barb wire is fastened on Cyclone extension arms with a key that permits adjustment due to expansion and contraction caused by temperature changes. This prevents damage to arms—eliminates repair bills.

These features are but few of the many that make Cyclone Fence outstanding. Remember, Cyclone is made exclusively by Cyclone Fence Company. There is a convenient Cyclone factory or warehouse near you for quick delivery. If you wish, Cyclone Fence will be

Arm for mounting barb wire holds wire in notches—easy to release and refasten if wire ever needs adjusting.



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## Their Business is "Growing"

(Continued from page 18)

the West Coast, and the Ferry Company, in the Midwest, were later to merge to form the Ferry-Morse Seed Company.

Wilson's total acreage, when he sold his business to Kellogg and Morse, was about 50 acres. The average annual acreage in California now devoted to garden seed production is about 60,000. And seed production is also carried on in other states.

### Competing with foreign seeds

**BUT** this increase was not realized without a struggle. A natural skepticism had to be overcome before a market was achieved for seed grown in the United States; but American seedsmen gradually overcame this handicap. They not only gained steadily in the United States but developed an increasing export trade. Today from 80 to 90 per cent of the seed used in this country is grown here, and considerable quantities are exported to all parts of the world.

Shipment and distribution tangles were automatically eased as the seed trade took advantage of improvements in facilities. With better, speedier mail service, catalog houses had fewer difficulties. With more efficient shipping, placement of commission boxes was less of a task. Road men associated with some of the older commission firms recall how, 50 years ago, they could call on some dealers only after traveling consecutively on train, ferry, coach, horseback, and finally on foot. The automobile has greatly simplified their task.

But distribution was not the only problem which the passing years brought to the seed trade. As population increased, as many thousands of acres yielded hundreds of thousands of pounds of seed annually, seed handling became a subject of real concern. One large commission house today sends out, in the busy pre-planting season, more than a million cartons and packets of seed a day.

Formerly, forces of girls, using thimble-like measures strapped to their fingers, dipped seed from a container into a paper which they tied up with string. Later a seed packet with gummed tab was devised and used exclusively.

Expert workers, in teams of two—filler and paster—could turn out an average of about 5,000 packets a day. But even that amazing speed and skill were not sufficient.

Today a visitor at the Ferry-Morse Detroit plant sees, on an upper floor, a battery of packet-filling machines, each capable of filling 35,000 packets daily. Cartons, used for bulkier seed, such as beans, peas and corn, are filled at the rate of 30,000 a day on other specially-designed machines. To handle the increased quantities of seed on the production farms, other machinery came into use. Unique designing went into making the equipment for recovering the seed from such vegetable fruits as tomatoes, cucumbers, melons and peppers.

Seed crops are further handled by machine after being taken to the plant or warehouse. There are mills which sift out stones and pieces of pod, automatic pickers which remove wrinkled seeds, gravity mills which separate the heavy (good) seed from the very light, polishing machines, and brush and blower type cleansers.

In one department of this Ferry-Morse plant, the volume of the seed business of today is well depicted. Two hundred girls sit at tables over



A plant expert helps nature to produce a new variety of corn



which moving belts carry uninspected peas, beans and corn. They pick out discolored, broken or misshapen seeds. In a single day 75,000 pounds of seeds go through this department.

A cry in modern industry is "ease the worker's burden," and the cry has been answered in this seed plant, as in the automobile factory. A conveyor installation carries the work to the worker. Boxes of packets taken from packet-filling machines on an upper floor are placed on chutes which converge in the center section of the floor below. Surrounding the chutes is a continuous conveyor more than 900 feet long. Racks suspended from the overhead conveyor chain are filled from the rear by attendants who select boxes of specified seed varieties from convenient chutes.

"Picking out stations" surround the conveyor on its outer side. At each station is a girl who, with an order posted before her, picks out, from hanger boxes into dealers' trays. One, two or three trays make up a retail dealer's display. The "picking out" goes on at the rate of 1,700 packets a minute.

### Improved sales methods

AS a baby grows, its hands and its fingers grow. As the seed business grew and evolved, certain of its important "appendages" experienced their natural share of growth and development. Catalogs gradually changed from colorless, drab folders of printed matter and stodgy wood cut art to eye-arresting booklets blazing with four-color work. Commission boxes changed from "just boxes," things to be picked up and set aside when snow began to fall, to attractive, clean, easily moved displays which fit into the decorative scheme of modern stores.

The trend toward more modern garb affected the seed packets much as it did the dealer displays.

Modern competition places in the path of every seed firm problems aplenty. But were there no competition, seedsmen still would not want for headaches. In no field of endeavor is the weather more important than in the seed business. Weather connives devilishly with the law of supply and demand to make the seedsman's life one of unending and unexpected ups and downs. And man has not yet discovered any method by which to regulate and control nature and its forces.

While it is no longer a problem or a riddle to be solved, an everlasting task of the seed business is that of maintaining quality of product. Vegetables and flowers, like some humans, tend to lose their refinement when not closely watched; they tend to

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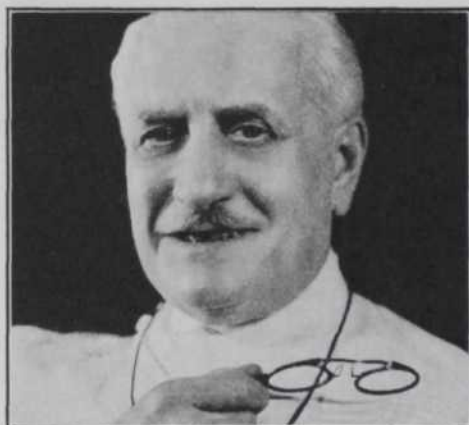
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\*A washroom service that provides cabinet protected paper towels which are touched by the user only and thrown away after every use.

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revert to the unimproved state. Therefore, major seed firms maintain extensive trial and breeding grounds where keeping approved vegetable and flower varieties up to the standards to which they have been bred is a year round job. Plants not strictly true to specifications are culled before there is any growth for seed.

In the thousands of acres of trial growth the alert seedsman often finds unusual plant individuals which sometimes provide the starting point for excellent new strains. The seedsman must have an eye for the unusual. The interesting super-double nasturtium announced recently by W. Atlee Burpee Company is an example of what can be found. It is vastly different from any nasturtium ever seen before.

### New developments continuously

AND the seedsman of today who thinks he had learned all there was to know when he completed college soon loses out. He must keep in touch with the latest developments in horticulture to be able to take advantage of trial field phenomena. The establishment of a strain of Marglobe tomato, of unusual value because of its unrivaled uniformity, by a breeder at the Ferry-Morse Seed Breeding Institute in Michigan is a case in point. Uniformity is important in vegetable growing.

This tomato strain was established by practical application of one of the newest methods in plant breeding, discovered at Carnegie Institution. An apparently poor, runty plant was discerned by the breeder as an "haploid," a plant in certain instances capable of producing the ultimate in uniformity in its offspring. After several years of scientific breeding and selection work with the haploid and its offsprings, a tomato strain of definite value was introduced.

Annual introductions of new varieties by the seed companies have come to be known as novelties. The novelty era, which started about 1880, is a sort of by-product of the catalog or mail order business. Firms early began to see the advantage of offering the purchaser "something new and different," in addition to the old, staple varieties. The catalog house with an unusual new item of exceptional promise drew a big play. What could the other catalog houses do? Introduce a fine novelty the next year, of course.

Thus a perennial tilt was begun. Today large seed firms introduce six or eight or ten novelties a year. But the institution of novelties is not merely another phase of seed world competition. It has proven of definite benefit to seedsmen, and to growers

and consumers as well; because out of novelty introduction has come the desire of seedsmen to sponsor vegetable and flower varieties of genuine merit.

Aside from the bid for business and the desire to sponsor a winner, what other forces exert influence upon introduction of novelties? First, there are the unceasing efforts of professional botanists and horticulturists to improve existing types, and there are the demands of consumers and growers for vegetable and flower varieties having characteristics which existing types lack, or varieties lacking characteristics which existing types possess.

Often a preeminent novelty emerges as the result of the combined efforts of the scientists of a college or state experimental station and the scientists of a commercial seed firm. Such is the background of the rust-resistant snapdragon, one of the more important recent flower developments. Snapdragon culture had been almost impossible in certain sections because of the rust disease. Professors of the horticulture department of the University of California, interested in overcoming the rust plague, grew some snapdragon in rust-infested soil. All but a few runty plants died. The professors seized upon these as the possible parents of a line of rust-resistant snapdragon.

### Rust proof snapdragon

THEIR persistence was rewarded and in a few seasons they had a mixed strain which was 75 per cent resistant to rust. These professors turned some of their resistant snapdragon stock over to scientists of the Ferry-Morse Breeding Institute at Salinas, Calif. There the flower was grown under close supervision in soil teeming with rust. All plants that were not plainly immune to rust were culled and discarded. In succeeding generations, as the weaklings were weeded out, a strain 100 per cent resistant was developed. Later, pure and distinct color strains of the resistant snapdragon were established.

Once novelties such as the rust-resistant snapdragon are made ready to present to the public, they are introduced through established channels. Catalog houses play up their novelties in their annual booklets, advertise them in home, gardening and trade publications. Commission box houses also advertise them in an extensive list of publications. Both print folders and pamphlets are widely circulated. Publicity opportunities are capitalized when the importance of the introduction warrants editorial mention.

But a novelty may be like a motion



picture star who is widely heralded before her first picture only to fall to obscurity immediately afterwards. While many novelties have no value and are short-lived, it is interesting to note that most of the standard vegetables today were introduced as novelties since 1880. A beet famous to canners and growers, the Detroit Dark Red, was introduced in 1893, but it is still one of the fastest selling beets in America.

A novelty that catches hold, whether because of beauty, utility or disease resistance, remains an important variety until something better in its own line comes along. Nowhere is the theory of survival of the fittest better demonstrated than in the realm of vegetable and flower seed listings. Fad and fashion exert little influence. Should a loudly trumpeted introduction of this year prove an impractical fad, it will be dropped like an overheated potato next.

The modern seed business is in some respects unlike other industries, yet in other respects much like them. But its problems of competition, its volume, its efficiency, and its mechanization seem far removed from the small garden plant which is both the source and reason of it all. Quantity in this populous world is inescapable. Quality is an equally potent element, for the seed producer must be constantly aware that the man who plants a seed "has no second chance." The individual seed must perform satisfactorily when it gets its one big chance.

## Politics in Russia

WHAT Russians have on their minds besides five-year plans is revealed in *The Crocodile*, a monthly humor magazine published by the Communist party. Some of the choicer items are translated for his paper by the Moscow correspondent of the *New York Herald Tribune*. Here is one:

The regional finance department of Gorki recently issued Order No. 299, which fixed the production norm of inspectors at 15 complaints daily. Additional complaints from dissatisfied taxpayers would bring them 50 kopecks (43 cents) each up to 25 complaints and all in addition to 25 would give them one ruble 50 kopecks (\$1.30) each.

The inspectors plunged into their work with great enthusiasm. All sorts of misunderstandings arose because of the speed with which complaints were being investigated, thus calling forth a fresh stream of complaints.

"It looks to us like a case of perpetual motion," acidly comments *The Crocodile*, "with nobody suffering except the taxpayers."

The plight of the taxpayer is the same in every language.

## A CAREER IN Life Insurance Representation



Most of us know at least one individual who somehow has not yet succeeded in winning a fair reward for his or her efforts.

Suggest to such a person the earnest consideration of *life insurance field work* as a permanent career. Recommend a prompt reply to this advertisement.

The Mutual Life Insurance Company of New York places a high value on sincere recommendations if based on personal knowledge of the character of those recommended.

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## MUNICIPAL PLANTS

### NEGLECT

### FARMERS

FARMERS and other rural residents need not even *hope* for any benefits when their nearest city decides to build its own electric plant.

The New York Legislative Committee Investigating Public Utilities says it is the tendency of municipal plants both within and without the State to favor users who live within the limits of the city or village where the plant is located:

"Its policy too often is to look after its own municipality and no one else."

Yet farmers deserve low-cost power as well as those who live and vote within city limits. Operating companies of the Associated System supply electricity to 59,088 farmers. Associated Companies in New York State alone are building 1,000 miles of rural line this year to carry service to at least 4,000 new rural and farm customers.



ASSOCIATED GAS & ELECTRIC SYSTEM





# America's Happy Unemployables

By TOM FREEGARD KELLEY

"SEVEN million. . . . Eight million. . . . Ten million. . . ."

Those words drooling out of the radio as "Andy" does mental contortions over his income tax bring smiles to our faces and we chuckle at "Andy's" absurdities.

"Seven thousand million. . . . Eight thousand million. . . . Ten thousand million. . . ."

More of "Andy's" mental contortions? Far from it! These are figures which have become commonplace as the Government tries to keep happy our new leisure class—Our Happy Unemployables who find it easier to live on the Government's bounty than to waste time and thought in the effort to make a living.

Why should they work while we taxpayers are victims of legislation which pays them for plowing-under their personal initiative? We started off proudly with the idea that relief and unemployment measures were the answer to our economic ills.

Now we are building up debts to be inherited by our children, and our children's children, in order that a part of the present generation may not have to bear its fair burden.

We citizens of the United States are proud of our pioneering forefathers, and of the heritage of independence and progress they have given us. Can we who now carry the standard expect from our children such admiration?

There can be no doubt that some of the money spent for relief does real good. The real question is, does not a considerable part of this money do more harm than good in that it takes away much of the personal initiative needed to be self-supporting?

What is it doing, for instance, to that class of able-bodied young men between 18 and 30; usually, though not always unmarried, who have intelligence and muscle enough to be self-supporting if they had either the initiative or the sense of responsibility to be so?

Every pool-room and night-owl lunch has its quota of hangers-on who seldom work, yet who can always dress well and find money for cigarettes or a dime for the numbers.

Their chief occupation seems to

**MANY of those classed as unemployed have never worked and wouldn't work if a job were offered them, in this man's opinion**

be killing time, or planning dates, to taking some young woman to the movies.

Indulgent mothers or fathers sometimes provide the money, sometimes, the girl friend contributes, with the male parasite feeling no uneasiness about it.

Undoubtedly among the unemployed are many men glad and willing to do a day's work at anything. And usually when he finds a job he sticks to it and does his best to make good.

## Some will dodge work

I MYSELF employ men and, as an experiment, have often mentioned in the hearing of men known to me to be out of work where a job might be found. The man who was sincere asked only, "Where?"

The others always asked, "What hours do they work," or, "What do they pay?" Only after they failed to find my answers to all other questions sufficiently unsatisfactory would they ask reluctantly, "Where?"

"Practice makes perfect" is an old copy book maxim. These human parasites have been getting a living from relief organizations for so long that they have developed it into an art. In fact they compare notes, adopting those methods found by others to be successful and discarding those which have proven non-productive. They have neglected all semblance of work for so long that they cannot satisfy even the most lenient employer. And what is more, they refuse to try.

Some time ago it became necessary for me to warn a young man in my employ against his indolence. After giving him another week in which to show some improvement, I handed him his pay envelope with the remark, "I'm sorry, Jack, but I can't afford to pay money to a man who doesn't even try to earn it."

"Humph!" he said. "I should worry!"

And I could not help retorting, "But you should worry!" To date he is still unemployed and showing no sign of worry.

Recently I walked with a friend through his lumber yard to inspect some materials. We were accosted by four young colored men, three of whom had that sartorial splendor dear to the colored man's heart. The fourth, who seemed to be the leader, wore work clothes. It was he who stepped forward and said, "Boss, we's de men you called de relief office fo'. Where you all want us to work?"

"I'm glad you boys showed up," my friend said. "I have a car of coal which must be unloaded today, we can't place it at the chutes so it will have to be unloaded where it is, and be carried to the pockets in coal baskets. I'll pay you boys 50 cents an hour."

At these words one of the well-dressed reliefites came out of his slouch, "What you mean, boss, is we'uns s'posed to tote dat coal on our backs?"

Assured that such was the case he snorted, "Dat's no work for a man, dat's jack-ass work!" And the three fashion plates left in a hurry.

Turning to the remaining man, my friend asked, "How about you, are you afraid of a little work, too?"

"No suh, Boss, I wants work! Dém lilies is afraid to get de collahs dirty."

He was put to work and, my friend tells me, is now on the pay roll permanently.

There can be no question about relief for those unfortunates who because of age, illness or some other natural inability cannot provide for themselves, or for those dependent upon them. These are the deserving needy and it is our civilized duty to care for them. However, those who need relief most find it hardest to get. Relief organizations ask so many questions, (necessary of course), that they become discouraged. Also these needy who still retain a certain sense of personal pride are embarrassed at the necessity of having to ask any one to help them.



# "What? A Lifetime to Paint that Picture?"

## —why, you did it in forty-eight hours!"

WHEN Whistler, accused by the great Ruskin of "flinging a pot of paint in the public's face," was finally goaded to the point of bringing a libel action against the critic, the court was called upon to consider one of his paintings, the now-famous "Nocturne in Black and Gold."

Opposing counsel brought out the fact that Whistler had painted the picture in two days.

"The labor of two days, then, is that for which you ask two hundred guineas?"

"No," Whistler replied, "I ask it for the knowledge of a lifetime."

The world has since been glad to pay many times as much for Whistler's masterpieces. It has come to recognize their greatness—something that cannot be measured in terms of labor or materials nor seen with the eye alone. Into these pictures Whistler put the qualities of mind and heart that transform ordinary canvas and paint into the living expression of genius.

### Unseen Value

#### —the Test of a Car's Greatness

In all the products of man's handiwork there is something more than mere material and labor. Men put *themselves* into the things they make. And the true worth of any product is neither greater nor less than the measure of the men who created it. In every field there are names that stand above the rest—the guarantee of an *unseen value* to be found in the products of no other manufacturer, regardless of price.

When the Chrysler organization began to produce cars, a hundred other manufacturers were already established. What was there for Chrysler to contribute?

The Chrysler organization had *men*. Men who brought to their work "the knowledge of a lifetime"—a rare combination of outstanding ability and practical experience. Men inspired with brilliant engineering genius and fired with the vision of great achievement.

They gave the world cars such as it had never seen before. They pioneered one

great advance after another—piled value upon value.

### One out of Every Four

By the sheer force of these superiorities, Chrysler-made cars captured public favor. In a single decade Chrysler took its place among the Big Three. Today about every fourth car on the road is a Chrysler-made car.

When you look at a Plymouth or Dodge, a De Soto or Chrysler, remember that behind these cars is a mighty organization of almost half a million people—the world-famous staff of Chrysler engineers—the vast resources of a giant industry—a far-flung dealer and service organization whose faith has been pledged by an investment of more than a quarter of a billion dollars.

All these are part of the car or truck you buy. For the greatness of Chrysler is simply the greatness inherent in each single one of its cars—the *unseen value* that will prove itself through the months and years to come.

#### BEFORE BUYING A CAR —ASK YOURSELF THESE 6 QUESTIONS

1. *Has it proper weight distribution?*
2. *Has it genuine hydraulic brakes?*
3. *Is it economical to run?*
4. *Has it floating power?*
5. *Has it safety-steel body?*
6. *Does it drive easily?*

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CARS HAVE ALL SIX

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## Dollars for Dwellings

(Continued from page 32)

and with a rather small outlet through commercial loans are looking around for places to put their money.

"Mortgage loans may be one of the important outlets of the future," he said.

Discussing the possibilities, he pointed out that, on the basis of the present powers of National banks, these institutions in New York State as a whole could lend nearly 36 per cent of their total deposits on real estate, whereas actual real estate loans at present are little more than one-third of that amount.

Discussing the effect of the FHA activities on lending by banks, Mr. Riddle said:

Another factor of substantial importance is the campaign of the Federal Housing Administration to encourage commercial banks to invest in guaranteed mortgages. This campaign has caused commercial banks to give more consideration to the mortgage business generally and has familiarized more of them with the principles of mortgage investment.

Still a further factor has been the adoption of the amortized mortgage which gives a commercial banker a greater sense of security in his investment. The principle of the amortized mortgage is undoubtedly sound and its adoption enables commercial banks to have a more liquid and safer asset than they had under the straight mortgage. In fact, the importance of the amortized mortgage cannot be overemphasized insofar as the commercial bank is concerned. The broadening of the national bank powers to make mortgage loans has been based on the assumption that they would invest in amortized mortgages.

This is the view of a commercial banker. That of the savings and loan group, a group that has made home mortgage lending its principal business, is somewhat different.

Morton Bodfish, executive secretary of the United States Building and Loan League, said he was not inclined to criticize the Government's drive for loans for new construction to increase employment, but he added that he felt that the great bulk of the mortgage lending business will continue to be done without benefit of the FHA.

"Unless the Government holds things back unduly, I expect that 150,000 new home units will be constructed in 1936, compared with about 75,000 in 1935," he said.

He estimated normal construction to be 300,000 to 400,000 units per year. Most of the new construction, he believes, will be middle class homes.

The FHA plan is not particularly popular with the savings and loan group.

"The FHA plan offers little to the borrower that the existing long term loan plans do not offer," one savings and loan official said.

"As the sound and fury die," he continued, "the public is going to buy mortgage money on the basis of terms and costs and not on publicity. As this happens, all lenders will use additional FHA guarantees for high-percentage loans, but the great majority of the mortgage business will still be done without the guarantee."

### Using traditional methods

MEANWHILE, the building industry, one of the few major industries that has been thus far unable or unwilling to adopt mass production methods, is slowly reviving along traditional lines. The housing ballyhoo has centered attention on building methods with almost as many forms of criticism as there are critics.

For instance, the Consumers Division of the Labor Department (formerly of the NRA) says:

Those most in need of decent houses cannot afford to build them. There has been more building this year (1935) than at any time since 1931 and yet the total number of new residential units in this year's boom will not exceed 75,000 while, to meet our immediate needs of replacing those actually unfit for human habitation, we should build 1,000,000 houses. The truth is that we are not able to build new dwellings for more than the upper, high income, one-fourth of our population. In the final analysis, houses can only be built as cheaply as our construction industry can build them regardless of whether it is done by private capital or by Government; the only difference being that, in the latter case, low-cost housing can be supplied at the expense of heavy subsidies—a less satisfactory expedient.

The difference here lies in the fact that, so far as the construction of dwellings is concerned, we have nothing that very much resembles an industry. We have instead a multiplicity of small operators and a multiplicity of unrelated operations. We have a system, if it might be called that, which is wasteful in the character of its organization and which has grown numb through traditionalism.

And here is the other side, an excerpt from a letter written to President Roosevelt by George P. Kingsley, vice president of the Brown-Borhek Company of Philadelphia:

The assertion is made that there is no home building industry and that the development of one is essential. This statement shows absolute ignorance of the building construction industry. The home building industry is probably the largest single industry in the United States. In the fact that it is not organized into large corporations lies its strength. Every contractor, every carpenter, every bricklayer, every electrician, every dealer in materials that go into these homes is a part of this indus-



try. It is elastic, highly competitive, highly efficient. There is nothing that can compare to it in these respects in the world of industry. There can be only one purpose in wishing to form huge corporations for the mass production of homes. That would be to eliminate the present industry for the benefit of these corporations and would drive the present decentralized labor used in constructing homes into the bread line.

There is no lack of an industry to build homes for America. There has been, and still is, a woeful lack of mortgage facilities. Anything and everything that can be done, such as the work of the FHA—which has been marvelous—to help people finance low cost homes or high priced homes will immediately be shown in the expansion of the building field. Any man desiring to build a home for from \$2,000 to \$6,000 can do so today in any village or town in the country, providing he can get his hands on the necessary funds.

All of which makes the home building situation as clear as Mississippi flood water. The only point on which there seems to be general agreement is that there is a shortage of houses. Otherwise, we are told that plenty of money is available for home building; that money is hard to get; that Government insurance is necessary; that Government insurance isn't necessary; that the building industry is disorganized and inefficient; that the building industry is well organized and extremely efficient.

Probably everybody is more or less right from his own point of view. The building situation is like the elephant and the blind men in the fable. Not even the so-called Government experts have sufficient vision to see the problem as a whole. But there is one controlling factor, the ancient law of supply and demand.

### Higher rents bring more building

THE National Industrial Conference Board index shows that rents reached their peak in 1925. Building continued and rents took a nose dive, long before the depression started officially. They continued in an almost unbroken downward line until 1934. Then they started upward at almost the same angle. It was with this beginning of the upward curve that building began to show signs of reviving. At present, according to the index, rents are approaching the 1932 level and still going up. Building costs started upward at the same time that rents began to increase. They are now close to the 1931 level.

In other words, the home building situation is acting exactly as one would expect it to act. Increased demand has resulted in increased rents; increased rents have resulted in increased building operations; increased building operations have resulted in increased building costs. It's the old familiar economic equation. All the activities of the Government haven't changed it materially.

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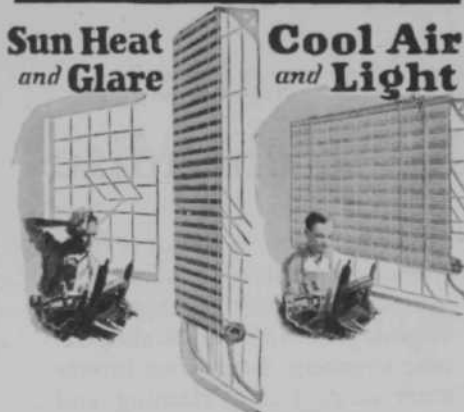


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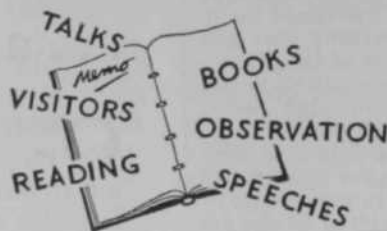
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# Lines from an EDITOR'S NOTEBOOK



## Plans for Everybody

BUMPER crop of programs. Every party, every group has one. Harry Laidler, too—Director of League for Industrial Democracy (production for use and not for profit)—writes 498 pages on "A Program for Modern America." Sermonizes on child labor, unemployment, social security, shorter hours. Profit motive all to blame for nation's troubles. No solution short of "complete reorganization of social order." His goal "co-operative society." Everything wrong. Quotes Lincoln on meaning of "Liberty" (speech at Baltimore fair, April 18, 1864), only sound page in the book. Worth recording:

The world, declared Abraham Lincoln in 1864, has never had a good definition of the word "liberty," and the American people just now are much in want of one. We all declare for liberty; but in using the same word, we do not all mean the same thing. With some the word "liberty" may mean for each man to do as he pleases with himself and the product of his labor; while with others, the same word may mean for some men to do as they please with other men and the product of other men's labor. Here are two, not only different, but incompatible things called by the same name—liberty. And it follows that each of the things is, by the respective parties, called by two different and incompatible names—liberty and tyranny.

The shepherd drives the wolf from the sheep's throat, for which the sheep thanks the shepherd as his liberator, while the wolf denounces him for the same act as the destroyer of liberty, especially as the sheep was a black one. Plainly, the wolf and the sheep are not agreed upon the definition of the word "liberty"; and precisely the same difference prevails today, among us human creatures, even in the North, and all professing to love liberty. Hence we behold the process by which thousands are daily passing from under the yoke of bondage hailed by some as the advance of liberty, and bewailed by others as the destruction of all liberty.

## An Affirmation of Faith

WHAT is the content of the common clay in business? Just listened to Wendell L. Willkie, Commonwealth & Southern president, speaking on the radio (April 15). Census of black sheep in any field would prove rule of decency by excep-

tions. Text for editorial here. He said:

Don't let a politician ever tell you that a business man is a fat, white-vested individual with a top hat, sitting in a mahogany office, inherited from his father, and exercising a mysterious power over his fellow men. That myth is old and silly. The real truth is that, by and large, business men are men who started to work at wages that were less than relief payments are today. They became business leaders because they worked hard enough and intelligently enough to rise to positions of responsibility and trust. They are, as a class, simple, sincere, and ardently patriotic men. They constitute the most potentially constructive force in America.

Of course, there have been exceptions to this. They will have occurred to you while I am talking. There have been men who have proved to be a discredit to business just as there are men who have proved to be a discredit to religion—or men who have been a discredit to politics. No wise person lashes at the church or seeks to condemn all ministers for the moral dereliction of a few. Likewise, from time to time we have discovered dishonesty in Government, yet no one would issue a blanket condemnation of government officials for that reason, or seek to abolish Congress every time it did an unwise thing. Recently various abuses have been charged against the relief program, and the President of the United States very properly, in answer, said:

"It should be remembered that in every big job there are some imperfections. There are chiselers in every walk of life. There are those in every industry who are guilty of unfair practices. Every profession has its black sheep."

## A Premise off the Track

TALKED with Sam Dunn, alert editor of *Railway Age*. Always a mental tonic.

No consistency he sees in the attitude of the federal Government.

Here's why:

Regulation of railways was based originally upon the assumption that they had a monopoly. Now increased government interference is defended upon the ground that there is so much competition in transportation that it is unsafe for the railways as well as the public for the railways to be allowed to manage themselves!

It was originally assumed that regulation should be directed entirely to promoting the public interest, whereas most of the recent increased government interference with railway management



adopted or proposed has been plainly for the benefit of special interests, or even ostensibly for the benefit of the railways themselves.

### Individualism the Rule

NO trick to plan for minimum needs of people. Bread, meat, water, light, heat, uniform clothing, barrack-like houses. But it won't work. Men would go the way of the ants. No ambition. No stimulation. Life in a groove. Halfway around the world the editor of the Sydney, Australia, *Morning Herald* writes:

Human nature is not content with having only its needs satisfied. It has wants of which it strives for fulfilment. Each unit of humanity has his own particular wants. Even though fashion may seem to decree a seeming uniformity, the individual while conforming to fashion seeks by a variation in the accepted mode to make himself distinctive. Directors of a planned economy could never foresee all the multitude of requirements thereby set up. In the direction of planning, the utmost that could be done would be to decree the quantities of production. Beyond that decree two courses would be open. One would be to divide the production among a regulated number of patterns. Many wants would remain unsatisfied. Customers would be compelled to take the next best thing to their desires or go without. The other course would be to give the factory managers a free hand as to types of product, letting each produce the pattern he thought would meet with most demand, so long as he obeyed the decrees as to quantity of production. It would not be planned economy.

### Sumner Saw Him First

JUST heard a politician on the radio sob over "the Forgotten Man." Case of mistaken identity. No kin to citizen discovered by Professor Sumner in 1883. Worth a backward look in an election year. So I glanced over the original in Sumner's essays. Two paragraphs rich in texts:

He works, he votes, generally he pays—but he always pays—yes, above all, he pays. He does not want an office; his name never gets into the newspaper except when he gets married or dies. He keeps production going on. He contributes to the strength of parties. He is flattered before election. He is strongly patriotic.

He is wanted wherever, in his little circle, there is work to be done or counsel to be given. He may grumble some occasionally to his wife and family, but he does not frequent the grocery or talk politics at the tavern.

Consequently, he is forgotten. He is a commonplace man. He gives no trouble. He excites no admiration. He is not in any way a hero (like a popular orator); nor a problem (like tramps and outcasts); nor notorious (like criminals); nor an object of sentiment (like the poor and weak); nor a burden (like paupers and loafers); nor an object out of which social capital may be made (like the beneficiaries of a church and state charities); nor an object for charitable aid and protection (like animals treated with cruelty); nor the object of a job (like the ignorant and illiterate); nor one over whom sentimental economists and statesmen can parade their fine sentiments (like inefficient workmen and shiftless artisans). Therefore, he is forgotten.



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# Business Highlights and Sidelights . . .

## More than work and wages

**W**HAT is the typical program of employer activities in behalf of workers? To recall the popular baiting of the past few years, one would think the employer was a greedy wolf. Surveying the policies of 2,452 companies with more than 4,500,000 employees, the National Industrial Conference Board reports:

A policy of centralized hiring, transfer, and discharge which eliminates favoritism and permits employees to be moved about when not needed in their regular departments, thereby prolonging their employment. Assignment to an individual or department of special responsibility for proper personnel administration. Negotiation with the management by part or all of the employees through employee representation.

A medical program, including organized first aid work, a company dispensary or hospital, a full- or part-time physician, a company nurse, and physical examinations. An organized safety program. An organized training program for the systematic training of one or more types of employees. Some form of sports program, which may be simple or elaborate depending on the local situation. A publication for employees, to keep them informed about company and local affairs. Food service of some kind; such as a cafeteria or trucks which go through the plant and from which employees may purchase food.

A mutual benefit association—an organization sponsored by the employees but often aided by management, which provides weekly benefits for members incapacitated by sickness. A loan plan which permits employees to borrow money from the company to meet emergencies, the loans usually being repaid through small pay roll deductions. A group life insurance policy for dependents of employees to help them through the period of readjustment made necessary by the employee's death.

And, finally, some form of pension plan. This plan may be informal and limited in its application to a few long-service employees who are completely without other means of support, or it may be a comprehensive, actuarially sound pension plan whereby, through joint contributions, employees, with the assistance of management, are building up annuities which will be payable when they reach retirement age.

## Anatomy of the rail dollar

ASK any railroad man what becomes of the dollars his road takes in and his answers may be as various as his own

expenditures. James B. Hill, head of the Louisville & Nashville, has figured the fate of his company's 1935 revenue down to the last mill. Here it is:

	Cents
For wages . . . . .	43.0
Fuel . . . . .	5.6
Materials, supplies, loss and damage, injuries, etc. . . . .	17.6
Depreciation and retirements . . . . .	5.3
Taxes . . . . .	6.5
Equipment hire and rents . . . . .	3.3
Interest on borrowed money . . . . .	14.0
Rent on leased roads and other expenses . . . . .	4.7
Total . . . . .	100.0
Available for dividends and improvements . . . . .	Nothing

No wheels turn without payment of wages. No business operates without taxes.

But rail investors, by Mr. Hill's report, live on hope deferred.

## A leak in gas taxes

ONE thing to levy taxes, quite another to collect them, as widespread violations of gas tax laws confirm. Investigations in Tennessee, Mississippi, Kansas, and Colorado indicate that these states are losing more than \$4,000,000 annually in revenue. By report of the American Petroleum Institute,

Federal aid may be asked in cases where fraudulent refund or exemption claims have been sent through the mails with intent to defraud the state, where interstate shipments of gasoline have been misbilled as tax-free products in violation of interstate commerce statutes, where racketeers have filed incomplete income tax returns, or where the federal gasoline tax has not been paid.

In each state the causes of evasion look to be about the same—weak laws or law enforcement, excessive gasoline tax rates and inability to check fraudulent exemptions and refund claims.

## Shopping for citizenship

WHAT size community gives the most public service for the least taxes? A suggestive answer is provided by Prof. William F. Ogburn, University of Chicago. Annual *per capita* cost of all services is about twice as great in cities of more than a million as in cities of 30,000 to 50,000. Six size groups are included in his classification: Cities of 1,000,000; 600,000; 300,000; 100,000; 50,000 and 30,000. Respective *per capita* costs are: \$104; \$98; \$88; \$60; \$54; \$51. Taxes were: \$72; \$78; \$68; \$51; \$45; \$41.

The bigger the city, the more services performed, and for most of these functions—police and fire protection, education, garbage collection, recreation—

the higher is the cost. Professor Ogburn's study invites the conclusion that "If you wish to live in a city where taxes are the lowest, although the services you receive may not include everything you desire, choose one with 30,000 or fewer inhabitants."

## What price Lares and Penates?

DOES assessment of household goods yield taxes in proportion to the difficulties inherent in the job? What the states are doing to meet this problem is revealed in a statement by Albert W. Noonan, technical director of the National Association of Assessing Officers. If they are not entirely eliminating this tax, he says, they are raising the maximum amount of exemption so that the majority of householders will be excluded.

Mississippi recently increased its exemption from \$250 to cover all household goods, thus joining Delaware, New York, Ohio and Wisconsin. In 1935 Michigan increased its exemption from \$500 to \$1,000, which is also the exemption in Louisiana, Massachusetts and Tennessee. While \$500 worth of household goods is now legally exempt in Connecticut, the Connecticut Special Tax Commission has recommended abandonment of assessment of all household furniture.

There is no standardization in the furnishings of homes, the Tax Commission points out. Nor is there any uniformity in the age or serviceability of individual pieces of furniture.

"To look to the assessors to make an annual inventory of all the household furnishings in their communities and to discover their market value is to impose an impossible task, which could produce only the most absurd and inequitable results. . . . It is the judgment of the Commission that all household furniture, radios, and musical instruments which are not used for business or professional purposes should be exempt from taxation."

In the state of Washington the exemption was increased to \$300, but even this amount, according to reports of many assessors, has permitted substantial savings in administration, since it has enabled dispensing with the services of hundreds of extra employees hired annually for the assessment of such property. Fourteen states, however, still provide no exemption for household goods, Mr. Noonan comments, and in the other 23 states the amounts of exemption range from as little as \$25 to \$500.

## A catalog of chains

MORE than 8,000 retail chains, operating 35 lines of business, are listed in a new directory, issued by the National Association of Real Estate Boards. Shrinkage in the number of chain headquarters over the depression period is shown by the fact that the 1930 list included 9,785 store chains, grouped in 41 lines of business. Within the seven major branches of chain store activity listed in its specialized directories of late 1934 and early 1935, 4,971 chains were





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listed. The 1936 directory shows the total for these groups at 5,122.

Women's wear shops, retail groceries, and beauty shops—lines of business in which women are doing the buying—are the lines showing the most notable growth in number of chain organizations.

### Laws that nobody knows

ADMINISTRATIVE orders, currently in fashion with the national government, are also in lively vogue among the states. How broad the gulf between the issuance of the rulings and knowledge of their existence by those they bind is suggested by Edwin E. Witte, professor of economics at the University of Wisconsin.

Writing in *State Government*, magazine of the Council of State Governments, Professor Witte cites as an extreme example the Wisconsin "egg law" of several years ago, which prohibited the sale of eggs except on a prescribed grading system. Hundreds of grocers in the state refused to buy eggs from farmers until, after some search, it was discovered that the order had originated with a state employee who thought he was carrying out a law of the Department of Agriculture and Markets. The administrative order was found to violate an express provision of the statute under which it was adopted; that no order should prohibit the sale of ungraded agricultural products, provided they were so labeled.

Ignorance, not only on the part of citizens, but within the state departments, grows out of the present system of issuing administrative orders in most states, Dr. Witte says. Among the faults of these systems are looseness and variation in the law-making, and lack of a single source which can tell what administrative orders are in effect. Some departments with order-making powers publish their orders in the official state paper; some others print theirs in bulletin and slip form; and some orders are not printed at all.

Every statute vesting order-making powers in any state department should contain provisions to insure fair and orderly procedure, Professor Witte points out. At the very least, orders which impose obligations upon the general public or which determine the rights and duties of individuals should normally be subject to requirements of advance publication of notice to interested parties, and of hearings which should be open to the public.

### New prospects in America

MANY new faces in the United States since 1934. Census Bureau estimates the total population on July 1, 1935 at 127,521,000, up .71 per cent since 1934, and four per cent since 1930, year of the last actual official counting of noses. Average annual increase since 1930 is 904,000, little more than half the 1920-30 average of 1,665,000. If the current rate of gain continues to the end of the decade, the Bureau figures the nation's population in 1940 would be about 132,000,000. More mouths to feed, more

backs to cover, more feet to be shod, and new complications of the traffic problem.

### Civil service in the states

MICHIGAN, making a survey of its state employment system with an eye to establishing civil service, has before it the precedents set by ten states, according to G. Lyle Belsley, executive director of the Civil Service Assembly of the United States and Canada.

States now having civil service laws include California, Colorado, Illinois, Maryland, Massachusetts, New Jersey, New York, Ohio, Wisconsin, and Kansas. Kansas, however, has not appropriated funds for its civil service commission since 1919, three years after adoption of the system.

New York's law is the oldest. It was passed in 1883 and made a part of the state constitution in 1894. Massachusetts' law was passed in 1884. Maryland's law provides a merit system administered by one man instead of by the usual five- or six-man commission. California's Civil Service Act, most recently adopted, was approved in 1933 and as a constitutional amendment went into effect in 1934.

In addition to the states which have civil service laws, the federal Government, about a dozen counties, and more than 300 cities operate under merit system provisions.

### States' rights in court

WHAT the states have viewed as states' rights and what the Supreme Court has thought on the constitutional issues involved have been at variance in 309 cases, by report of J. P. Radigan of the Library of Congress.

Of the total number of state acts questioned, 102 have run afoul of the Constitutional clause reading: "The Congress shall have power . . . to regulate commerce with foreign nations and among the several states and with the Indian tribes;" and on the related limitation of state power to levy import and export duties.

Ninety-two of these "casualties" resulted from violation of the Fourteenth amendment to the Constitution, which says:

"No state shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any state deprive any person of life, liberty, or property, without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws."

States have found that their third major stumbling block is the contract clause of Article I of the Constitution: "No state . . . shall pass any . . . law impairing the obligation of contracts." Fifty-nine times has the U. S. Supreme Court reversed decisions of state supreme courts on the interpretation of this clause.

There have been 57 "miscellaneous" cases of state laws not meeting the test of constitutionality.

Pennsylvania, with 23 unconstitutional acts, heads the list of states

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which have met difference of judicial opinion in Washington. Arkansas is second, with 17 reversals, and Louisiana, third, with 16. Both Georgia and Kentucky have had 14 laws judged invalid. Eight state supreme courts have managed to avoid reversals on points of constitutionality: Connecticut, Delaware, Idaho, New Mexico, Oregon, Rhode Island, Vermont, and Wyoming.

### Transportation by taxation

WAR'S hard way with the railroads is no news to their stockholders. How government control aggravated the troubles of management is a story in itself. Part of it was told to the Atlantic States Shippers Advisory Board by M. W. Clement, Pennsylvania's president. Government control, as he saw it, "had the effect of raising the railroads' expenses, raising their operating costs, raising their capital costs, raising their labor costs, and then of leaving them out 'on the end of a limb' with high rates and a mark for all their competition."

What new complications the roads faced in the period following the war is brought to a focus by Mr. Clement in his reference to "transportation by taxation."

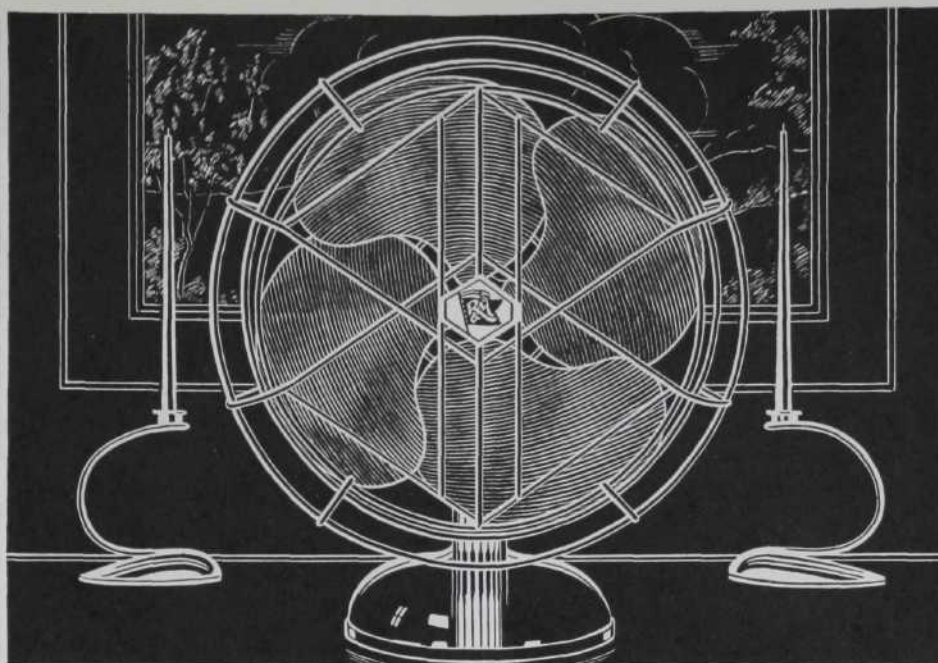
Inland and coastwise waterways have grown to the point where they are costing taxpayers many millions annually. On the improved rivers alone, the federal expenditures in 1935 for construction, maintenance and operation, exceeded \$100,000,000. "Transportation by Taxation" on these rivers, therefore, is expressed in dollars, and not cents, per ton. The New York State canals are costing the taxpayers of that state close to \$2.50 per ton transported.

How the Inland Waterways Corporation looks at its job is revealed in its annual report. It quotes the policy laid down by the Secretary of War "that the corporation was organized for the purpose of demonstrating, through a Government-owned transportation system, the economy and feasibility of inland water transportation; that carrying on the operation of this system until such demonstration is completed and the business can be advantageously turned over to private capital and private enterprise is paramount."

For 1934 the net loss of the Corporation's operations was \$1,104,621; for 1935 a net profit of \$703,107 was reported. Its president declares that "there never can be a real coordinated, cooperative system of transportation developed in the United States unless and until the charges made for performing a certain service bear some real and reasonable relation to the cost of performing such service."

Its treasurer explains that, "Most of the terminal facilities used by this corporation are municipally owned, making it impracticable to apply a certain percentage of our operating revenues to cover taxes, which basis has been frequently suggested."

It will take a wise taxpayer to know whether the corporation's showing of a profit defines a feat of public accounting or a feat of public operation.



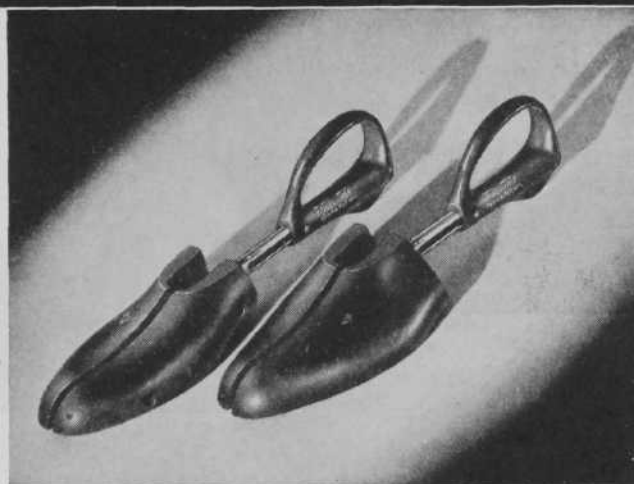
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*Men of this type*, who mould public opinion, are reached in greater numbers and with greater certainty, at lower cost in NATION'S BUSINESS than in any other business magazine.

*E. V. Thompson*

Director of Advertising



## "With Love from Dad"

(Continued from page 16)

fore the dog did, was a veteran of the Mexican War and the only reason he died was that a team of young mules ran away and turned a harrow over on him. And that fool dog had never let out one prognosticating yip about that tragedy. I've been kind of uninterested in prophets of doom ever since. But as you seem to have been impressed by what Aubrey Williams said, I'll take a chance on pneumonia and venture into this damp cave in which he is shuddering. He said to the teachers in West Virginia:

"We know that a vast, overwhelming majority of the children born in the past 25 years will never rise above a hand-to-mouth existence; that all of their steps from the cradle to the grave will be dogged by poverty, illness and insecurity."

The moon is certainly shining full on Mr. Williams, Son, the way he is carrying on. Who is it that knows any such rot as that, and how does he know it?

That professor who almost blighted Jim's young life, talked the same kind of graveyard nonsense. I don't have to recount the things that have taken place in this country in the past 35 years to convince you that there was one professor who didn't know what he was talking about.

### Many people still will work

THIS is the greatest country in the world, Son. We are worried sometimes by these folks who cry into their chowder but we rarely pay much attention to them. A campaigning politician scares us almost to death now and then, but, shucks! pretty soon a chance comes to do a little business and our jaws kind of lift back into place. That's what we're going to do again in this country. We may have to boot some of the mourners out of the road, of course.

The United States has developed and prospered because until lately we had just enough government to keep us obeying laws. What governments did for their people worth while was primarily preserving public order and seeing fair play. Government could call into service the best of its talents and a high degree of public devotion in time of war, and of the recurring depression emergencies that naturally attend human progress. No government ever did, or ever will successfully replace in the conduct of everyday business and living, the stimulated efforts of its myriad of individuals assured of a fair and equal chance. The setup is against govern-

ment. Little ever originates with a government except taxes and mistakes.

The Wright brothers tried to sell to the Government the idea that man can fly. Americans are flying around the country now like chicken-hawks, but the only thing government ever did then was to get in the way.

If Henry Ford had tried to get government to take up his idea that gasoline could be exploded in a steel cylinder, he could never have gotten near enough one of the Princes of Spats to wave a handkerchief. But the roads now are being built in eight widths to accommodate the cars.

Simon Lake found a backer with practically no money, and built a four-for-a-dime submarine. He spent all the money he could borrow trying to get somebody in Washington to listen. The submarine was developed by private capital, and it took the biggest war in history to jolt the Government into using it.

Marconi made the wireless work, but he did it with the money of men who were willing to take a chance.

Government's chief interest in wireless and radios is to find out what people say to 25,000,000 owners, and if possible make 'em stop.

Television is in sight now, and government is waiting for a chance to say "you can't do it that way."

You have to hide yourself in the woods to get away from our 20,000,000 telephones, developed by private enterprise. Take down your party-line 'phone in a Maine backcountry and get your San Francisco friend as soon as you give the name. The only thing that government has done for the finest telephone service in the world is to bother it.

Not many years ago the motion picture was a toy. The big minds in government missed the idea. It was developed by men who had almost no money at all.

All of this in the 35 years between my youth and yours.

But Aubrey Williams says:

"Yet in spite of this, we cling with desperate tenacity to the fond illusion of political freedom."

You bet we cling to it, Son, and we're going to go right on clinging to it. That "fond illusion" seems to have worked pretty well.

In spite of the fact that government gets in the road now and then, one person in five has an automobile. (It was one person in 1,800 when Jim graduated.)

Our schools are overcrowded, and we are building thousands more.

We would be building a million

*If you wanted*

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WITH A FENCE  
AROUND IT**



*the spirit of*

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Government fixed it so we had to import pork from Poland, but in spite of that our packing houses continue to be the cleanest and most efficient in the world.

The Japanese silk business practically depends on American buyers.

We would be doing more and better business today if the politicians had let alone what Aubrey Williams calls a "fond illusion."

Again, Williams says: "Economic freedom and political freedom as we have known them can no longer work side by side. The one has made a mockery of the other."

### Must theorists be bosses?

IF that means anything at all, it means that Aubrey Williams thinks that the really brainy men of this country—Aubrey and Harry and Rexford Guy—must take over the conduct of American affairs and relieve us of that "fond illusion" that we could manage our businesses in our own way, as long as we broke no laws. The politicians have edged in on our economic freedom, I'll admit. Not many years ago we prospered as no other nation in the world did. We had no income tax, our national, state and local taxes were so light we hardly knew they were there, and we could and did go ahead.

Instead of taking 35 cents out of each earned dollar for the Government, as Aubrey and Harry and Rexford are doing today, a business man could take a little flutter with part of the money he made. He could back Samuel F. Morse or Henry Ford or the little man on the back street who had an idea. Probably one idea in a thousand came out of the oven looking like anything on earth, it is true. But that was all right. More money could be spent and more ideas could be played with. Every idea that failed put money in circulation, and any idea that succeeded might build up a great industry.

Economic freedom a "fond illusion"? That's just windy mush, Son, cooked and served by the laughing gas school of economists.

Let's read some more of Aubrey Williams' advice.

"Professorial and intellectual honesty demand that you tell your pupils that 70 per cent of our people must live below the standard of decency."

That is sheer drivel. Let's see. In 30 years the death rate has dropped from 17 per thousand to 11 per thousand. Miss Josephine Roche of the Treasury states that the expectation of life has increased from about 40 years in 1870 to about 60 years in 1936. The Prudential Life Insurance Company reports a remarkable decrease in infant mortality and children of school age. In the past 30 years children able to attend schools have more than doubled the enrollment. How can Williams square these facts with his statement?

I never blamed that old hound dog of my grandfather's for howling at the full moon. But then he didn't know any better.

How do men who talk just that way account for the fact that in this country of ours 63 million people hold 115 million insurance policies? His statistics are as moonstruck as those of the hound dog, for if 70 per cent live below the standard of decency, then 50 per cent of us could hardly hold two policies each. The young folks who he said are doomed to a hand-to-mouth existence will cash in some time 100 billion dollars on those policies. Pretty good start on social security by private enterprise, eh?

If we live on such a low level, who pays for the 115,000,000 movie tickets each year and buys 50 billion dollars' worth of goods in 1,500,000 retail stores? There were 440,000,000 pairs of silk stockings sold last year.<sup>1</sup> Who bought them? They are not being used in burlesque shows nowadays. In my day, silk stockings were scarce and worth seeing.

I don't know where you are going to get a job when you come home after graduation, Son, not any more than you do. But I'll tell you one thing. You'll get a better job and get it sooner if you use what I believe you refer to in your hours of ease as the old bean. If you stand around with your mouth open, listening to the calamity yawpers, soaking in the nonsense they ladle out that the only safe place for a man now is on some government pay roll, it may be that you will never get a job. I wouldn't want to hire you myself, Son. But if you do a little thinking along with your hustling you'll get along OK.

Did you really believe this Williams man when he said that:

"Nearly half the national wealth is concentrated in two per cent of the population"?

That has been disproved so often that it hardly seems worth while to deny it again. Every man who repeats it today either knows the origin of that statement and its utter, com-

<sup>1</sup>The last Census of Manufactures reported 255,816,000 pairs of women's silk stockings produced in 1933.



plete and amazing falsehood or he is so dumb that proof means nothing to him. Or else he goes on repeating it because lies are a part of the ammunition of a designing politician.

How can those who repeat it make it click with this fact? That in America eight per cent of the world's population makes and uses about half the world's production of coal, iron, steel, copper, petroleum, timber, shoes, cotton, paper? Does that not indicate that wealth and buying power are well distributed in myriad hands in this country?

Does he think he can make matters better by getting rid of what these soft-shelled gentry call the "profit motive" and turn the direction of affairs over to unskilled theorists who never met pay rolls by doing, better than any one else, something the public prizes?

### "Profit" in practice

I'LL tell you one thing, my Son. It is the profit motive that makes the world go round. I'll venture that even Aubrey Williams was not indifferent to the profit motive when he quit Wisconsin charities and went to suffering at a better salary for the WPA.

The men who decry the profit motive prove their absolute divorce from common sense—or else they betray themselves as rascally demagogues who are trying to fool honest people. It was the profit motive that has brought about every advance in living and invention and comfort and commerce and enjoyment and health and happiness in this or any other country. Government—here or anywhere else—never was responsible for these things.

If you are doubtful, then read the stories of the confusion in the current government. Bureaus pulling two ways at once. One government department declaring that this is the way to do it and the next saying that it can only be done another way. Four or five wandering in the same general direction, talking like sewing circles, spending tax money, not bothering to find out what has been done in the past. Trying old schemes that failed years and years ago and calling them experiments.

If after examining these things you are not convinced that the good, practical, time-tested profit motive is not a better guide than hot air set to WPA music and vanity miscalling itself learning, then you are the kind of a man who will believe Aubrey Williams when he says that:

"Millions of unemployed will never find jobs again."

"Never" is a mighty long time, Son. I almost believed that myself these last few winters when men and



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women who honestly wanted jobs, got none or only intermittent ones. Those honest folks in distress needed help, and most of them got it, though the neighbors next door would have done a better job of sifting out than a big faraway office in Washington. And that "never" mood lasted only until I got my breath back and did a little thinking. I remembered that in 1922, President Harding called a conference on 6,000,000 unemployed, and yet in nine months thereafter, there was a labor shortage. In 1923 the steel industry promised to do away with the 12 hour day "as soon as men are available." Tomorrow something will turn up to put every man at work. When that upturn comes you can depend on one thing. It will not be government alone which turns it up.

### No need to worry

WE'LL get along all right, Son, if the hired grievors and the foreboders do not have their own way. We'll get along in any case. Only it may take longer.

If you want to get an idea of the quality of this country, go into the library and turn up the files of the newspapers. You will find that right along through the depression young man after young man suddenly won success. One day a man was never heard of. The next day he is on all the front pages. Some of these young men have won fortune and others fame, and still others have started toward that modest competence which is all most of us ask.

In this quick era of radio, motion picture and the printing press, a single instance of superior genius or superior industry brings its quick reward. A single book, a single play, a single screen appearance, a single invention, a single merchandising idea, a single scientific triumph, all instantly achieve what in my time was the production of long, hard years and slow appreciation.

Take "Anthony Adverse" for example, slowly and carefully constructed by Hervey Allen, launched on the market with age-old doubts and misgivings, and then suddenly producing miles of coupon bonds because he answered something of the limitless romance and adventure in millions of breasts. This is typical of every line of endeavor. If you don't run to intellect, then train nights and Sundays till you can knock 'em cold and get your name in lights at Madison Square Garden. Come on, all you eager youths, only, do something, study, work, write, act, fight or play golf better than the run of mill.

Then inquire of yourself how many of these young men would have succeeded if, instead of finding some

man who was moved by the "profit motive" and was willing to take a chance, they had been compelled to shuffle around the bureaus of the Government, trying to find someone to listen. If such a man happened by some chance to get a hearing, how many years would he have to spend in trying to get an appropriation through Congress or a grant of a little money from a salary-fed department?

You're still young, Son, and you seem to be a good, easy believer. You will do better if you try disbelieving for a time. Disbelieve what I say, if you want to, but while you are disbelieving try to find the facts on which to base your disbelief. When a hound dog howls on the hill do not say to yourself: "well, there's going to be a death in the family, and like enough it will be me." Just get you a dornick and bounce it off that old dog a couple of times. When you hear a lot of words that sound like statistics, find out first if the facts stated are accurate and then remember, thank God, that the human spirit is invincible and that youth is eternal.

### Of course, there are evils

AS I read this over I want to make sure that my eagerness to invest you with confidence and energy should not obscure the whole picture. Today, as always, in human history there are evils and inequalities to correct in this land, as everywhere. It may well enlist the generous altruism of youth. It should temper the somewhat weary cynicism of us old fellows. We are not generally thoughtless or heartless or ossified. We are only determined to preserve for new youth like yourself the same fair chance and the same open door of opportunity that we had ourselves in earlier days. We will try new things and new ways but will not throw out the tried and true first and experiment afterwards.

The geographical frontier is gone, but there are still fields of exploration in the sciences, in the professions, in business and in social justice, that call for the same qualities of confidence and fortitude and courage and vision as guided our country's pioneers.

And social justice, parallel with individual welfare, can be best advanced by intelligent appraisal, by preserving those things which have proven themselves, and by working in an atmosphere of enthusiastic confidence which every chapter in our national history warrants.

I envy you, my Son, the chance to live your life and devote your efforts in a world larger, more vital, more endowed than the one in which my generation began to play its part.

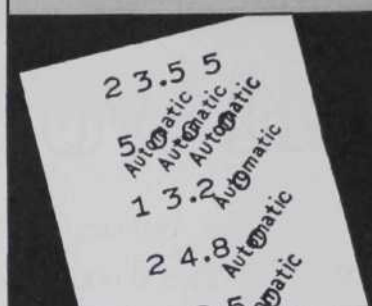


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## Index of ADVERTISERS

June • 1936

	PAGE
A. P. W. Paper Company	128
Addressograph-Multigraph Corporation	97
Aluminum Company of America	115
American Brass Company	133
American Telephone & Telegraph Company	2nd cover
American Tobacco Company	4th cover
Associated Gas & Electric System	129
Association of American Railroads	100-101
Bristol-Myers Company	110
Brown Paper Company, L. L.	128
Bruning Company, Charles	108
Burroughs Adding Machine Co.	29, 145
Cast Iron Pipe Research Assn.	4
Chesapeake & Ohio Lines	8
Chevrolet Motor Company	87
Chrysler Corporation	131
Coca-Cola Company	148
Commercial Credit Company	102
Cutler-Hammer, Incorporated	89
Cyclone Fence Company	125
Detex Watchlock Corporation	124
Dick, A. B., Company	14
Dictaphone Sales Corporation	109
Ediphone, Thomas A. Edison, Inc.	127
Edison Storage Battery	123
Egry Register Company	135
Elliott Company, The	132
Erie Railroad	104
Felt & Tarrant Mfg. Company	95
Frigidaire Corporation	83
General Electric Company	146
General Plastics, Inc.	11
Glidden Company, The	137
Goodrich, B. F., Company	81
Goodyear Tire & Rubber Co.	12
Guth, Edwin F. Company	122
Hartford Steam Boiler Insp. & Ins. Co.	121
Hough Shade Corporation	134
Household Finance Corporation	120
International Business Machines Corp.	103
Iron Fireman Manufacturing Co.	94
John Hancock Mutual Life Ins. Co.	124
Kaufmann Brothers & Bondy	142
Kimberly-Clark Corporation	135
Leipzig Trade Fair, Inc.	126
Lennox Hotel	141
Lord & Thomas	85
Lumbermens Mutual Casualty Co.	105
Maryland Casualty Company	147
Mayflower Hotel	134
Metropolitan Life Insurance Co.	31
Miles Laboratories, Inc., Dr.	138
Monroe Calculating Machine Co.	9
Mutual Fire Insurance	6
Mutual Life Ins. Co. of N. Y.	129
National Distillers Products Corp.	3rd cover
New England Council	91
Northwestern Mutual Life Insurance Co.	113
Plymouth Motor Corporation	1
Postage Meter Company, The	144
Prudential Insurance Co.	132
Pundit Tabore	132
Republic Rubber Co.	7
Reynolds Spring Co.	139
R. J. Reynolds Tobacco Co.	98
Robbins & Myers, Inc.	139
Schick Dry Shaver, Inc.	142
Scott Paper Company	119
Smith, L. C. & Corona Typewriters, Inc.	143
Textile Banking Company	116
Underwood Elliott Fisher	111
United States Steel Corporation	93
Welsner Studio, Walter A.	142
Wellington Sears Co.	2-3
Westinghouse Elec. & Mfg. Co.	10
Whiting Corp.	112
Willard Hotel	142
Wood Conversion Company	118



# "Unforeseen events...

*so often change and shape the course of man's affairs"*



## This robbery is still puzzling bank detectives

AN IMPREGNABLE BANK. A locked cashier's cage. A thoroughly honest staff. A theft-proof system. Yet in broad daylight \$150,000 worth of bonds disappeared, to turn up later, some in Vienna, others in Paris and New York.

Probably none will ever know who actually took those bonds. But fortunately for this financial institution the loss was covered...insured under a Bankers' Blanket Bond issued by the Maryland. Wise management, knowing full well that *unforeseen events so often change and shape the course of man's affairs*, had protected the bank and its employees.

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In a world of risk, the Maryland offers you this and many other safeguards. There is scarcely an industrial or commercial activity beyond the protection of the Maryland through its more than sixty bonding and casualty insurance underwritings. On its books will be found many of the country's leading corporations as well as millions of homeowners, business executives and public officials.

No matter where you live, full Maryland service is available through 10,000 agents...in every state of the Union, in Alaska, Canada, Cuba, Puerto Rico, Canal Zone, Mexico and Hawaii.

*The Maryland writes more than 20 bonding lines, including...Fidelity...Bankers' Blanket...Contract...Check Alteration and Forgery...Depository...Fraud...Public Official Bonds...Judicial. More than 40 types of Casualty Insurance, including...Aircraft...Engine...Automobile...Burglary...Boiler...Elevator...Accident and Health...Electrical Machinery...General Liability...Plate Glass...Sprinkler Leakage...Water Damage...Fly-Wheel...Workmen's Compensation.*

# MARYLAND Casualty COMPANY

SILLIMAN EVANS, President

BALTIMORE, MARYLAND



# Thru 50 years— Making a pause *refreshing*



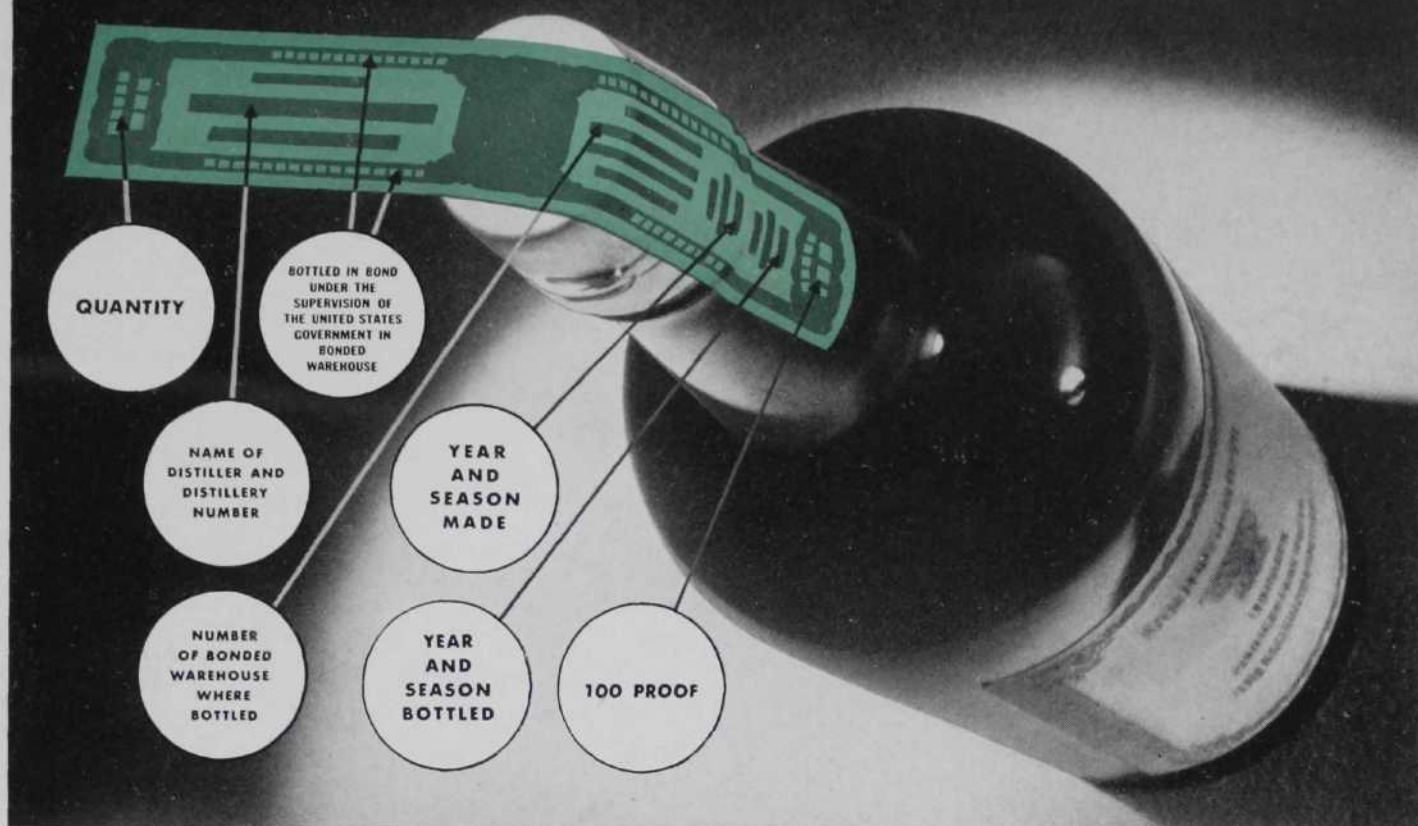
## 1886 to 1936

Once upon a time a *pause* was only an idle moment. Then came *the pause that refreshes* with ice-cold Coca-Cola. Its fame spread . . . from one corner in 1886 to "around the corner from anywhere" in 1936. Of course, it had to be good to get where it is...thirst-quenching... pure...wholesome...delicious and refreshing. The price 50 years ago was 5¢. The price is still 5¢.





# What do you mean *Bottled in bond?*



**K**EEP your eyes open the next time you step up to a bar or into a liquor store and you will see that some whiskeys have green stamps, some have red ones, some have blue and others have yellow.

**Only one of these signifies that the whiskey is bottled in bond under the supervision of the United States Government and that stamp is GREEN.**

The red stamp signifies nothing regarding the age, nothing regarding the proof. It is only an evidence that the Federal tax is paid.

The blue and yellow stamps identify whiskey bottled in bond in Canada.

Now look at the diagram printed at the top of this page, and find out what that green stamp means.

The green stamp can be used only

when the whiskey meets the following requirements:

- Every drop must be straight whiskey — at least *four years in the wood*.
- Every drop must be distilled in the United States, stored and ripened in the United States, and bottled under the U. S. Government supervision.
- Every drop must be *100 proof*.

***No other whiskey in the world has to meet such a rigid set of standards.***

But even among American bottled in bond whiskeys, there is a difference — for the quality of the whiskey as finally bottled is determined first of all by the skill and care with which it is distilled — and you can safely count on these when you see the National Distillers emblem on the label.



A Good Guide to Good Whiskey

**NATIONAL DISTILLERS PRODUCTS CORPORATION, 120 Broadway, New York, N. Y.**



